

SECRET

25X1

STATEMENT OF THE DIRECTOR OF CENTRAL  
INTELLIGENCE BEFORE THE HOUSE, ARMED  
SERVICES COMMITTEE -- 8 APRIL 1948

*Two copies supplied  
with a total of 113 pages*

SECRET

SECRET

STATEMENT OF THE DIRECTOR OF CENTRAL  
INTELLIGENCE BEFORE THE HOUSE ARMED  
SERVICES COMMITTEE -- 8 APRIL 1948

Before entering into a detailed section by section analysis of the bill before you (H.R. 5871), a little general background might be of interest. On 22 January 1946, by Executive letter, the President of the United States established the Central Intelligence Group under the direction and control of the National Intelligence Authority. The Executive directive set forth the functions and the authority of the Group in some detail, and provided that the personnel of the Agency should be assigned to the Group from the personnel of the State, War and Navy Departments. The unworkable nature of this arrangement very quickly became apparent, for it was necessary for each of these departments to hire and place on its own roles for assignment to duty with CIG the

SECRET

Union Calendar No. 889

80TH CONGRESS  
2D SESSION

H. R. 5871

[Report No. 1853]

IN THE HOUSE OF REPRESENTATIVES

MARCH 16, 1948

Mr. ANDREWS of New York introduced the following bill; which was referred to the Committee on Armed Services

MAY 4, 1948

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in Italic]

A BILL

To provide for the administration of the Central Intelligence Agency, established pursuant to section 102, National Security Act of 1947, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 DEFINITIONS

4 SECTION 1. That when used in this Act, the term—

5 (a) "Agency" means the Central Intelligence Agency;

6 (b) "Director" means the Director of Central Intelli-  
7 gence;

8 (c) "Government agency" means any executive depart-

9 ment, commission, council, independent establishment,

8 March 1949

SUBJECT: CIA Interest in Admission of Aliens.

1. Section 8 of H.R. 2663 as reported by the House Committee on Armed Services (House Report No. 160), and as passed by the House on 7 March 1949 reads as follows:

"Whenever the Director and the Attorney General shall determine that the entry of a particular alien into the United States for permanent residence is in the interest of national security or essential to the furtherance of the national intelligence mission, such alien and his immediate family shall be given entry into the United States for permanent residence without regard to their inadmissibility under the immigration or any other laws and regulations, or to the failure to comply with such laws and regulations pertaining to admissibility: Provided, That the number of aliens and members of their immediate families entering the United States under the authority of this section shall in no case exceed one hundred persons in any one fiscal year."

2. This Section as passed has the full approval of the Central Intelligence Agency, the Attorney General, the Department of Justice and the Department of State. It was at the suggestion of the Department of Justice that the Attorney General was included in this Section because the responsibility of the enforcement of the immigration laws lies with the Department. In view of the fact that these laws were being waived insofar as they applied to the admissibility of these one hundred aliens, it was felt by the Department, and readily concurred in by CIA, that the Attorney General should be included in the screening. It should also be added that this entire legislation, as well as this immigration proviso, has the approval of the Bureau of the Budget and the General Accounting Office.

3. It should be pointed out that the purpose of this Section is one intimately tied into the national intelligence mission, and is not in any way connected with the broad humanitarian proposals involving general immigration legislation dealing with quotas, displaced persons and other applicants for entry into the United States.

4. Through a misconception that Section 8 of this bill deals primarily with problems of substantive immigration, some opposition was voiced by the House Judiciary Committee in an attempt to have the whole matter referred to their Committee for further study. The House rejected this contention for reasons as substantially set forth in this memorandum. As the Section is not basically one which would come within normal immigration legislation, but deals with policy matters which come exclusively within the jurisdiction of the Armed Services Committee, we wish to maintain this Section in the CIA legislation as considered by the Armed Services Committee. It might, however, be advisable to request the Senate Judiciary Committee to have an observer sit in on the executive session considering this portion of the CIA bill, in order to avoid a Senate Floor fight on jurisdiction.

5. The Central Intelligence Agency has a highly specialized interest in the admission to the United States of a very limited number of aliens (100 per year). The problem has been discussed with the Department of State, representatives of the Displaced Persons Commission, and officials of the Immigration and Naturalization Service, and it was the unanimous agreement of all concerned that no present or proposed general legislation for the admission of aliens would adequately fulfill CIA's needs. The reasons can be generally set forth under three headings: CIA's specialized purpose, the type of alien concerned, and the operational problems involved.

6. CIA's purpose is to induce outstanding individuals, with a high intelligence potential, to approach United States officials in order to pass valuable information. In the world at large, residence in the United States is probably the strongest inducement to people who are dissatisfied with their own countries for one reason or another. This is particularly true in the police state. The fact that the Director of Central Intelligence, acting jointly with the Attorney General, has the proposed authority to make definite commitments about entry into the United States, will in itself induce approaches by important aliens. The inducement, therefore, is more important than the exercise of the authority, as only carefully screened aliens of the highest calibre, who actually do render or are in a position to render valuable intelligence services, will be given entry under this provision. Others who prove worthless, or are of doubtful integrity, will not be considered subjects for entry. No other agency is, or should be, concerned with this type of controlled operation.

- 3 -

7. The type of alien concerned is, generally, as set forth above, the highest type that can be reached: statesmen, scholars, scientists, diplomats, and other people of outstanding positions or importance. There is no way of pre-determining what categories the individuals will fall into. They may be located in places where there may be no United States diplomatic representatives to act under existing or proposed laws concerning entry of aliens.

8. It is inherent in the wording of this Act that, while rules as to admissibility are waived, there are no commitments as to obtaining citizenship, and there is no interference with the authority to deport such aliens at a later date for cause. This gives control after entry to the extent that any individual alien cannot later become a threat to the security of the United States. No other provision of existing or proposed law, gives this double consideration to the types of aliens here concerned.

9. The operational problems arise out of the fact that these cases require most expeditious and most secret handling. There is usually great personal danger present which requires the utmost secrecy in negotiations, and great trust and confidence between the negotiators. Once the decision and the necessary arrangements have been made, the actual entry must be effected without any delay to safeguard the lives of those involved. Only if the aliens concerned are convinced of the security of communications, and of the persons who will have advance notice of the arrangements, will they dare place their lives in such a hazardous position. If there were visas to be procured, applications to be filed, normal checks to be made, and the other paraphernalia for entry required by existing or proposed legislation, it would be impossible to handle the type of case of interest to CIA or to induce aliens to approach United States officials.

10. It is believed that the foregoing clearly demonstrates the need for this provision and the fact that no other existing or proposed legislation will achieve the same results.

Section 4. EDUCATION AND TRAINING. This section provides that any officer or employee of the Agency may be assigned or detailed for special instruction, research or training to specially designated types of educational and other institutions and organizations.

It provides further that upon the assignment for schooling of an officer or employee of the Agency, under the provisions of this section, the Agency shall (under such regulations as the Director may prescribe) pay the tuition and other expenses of the officers and employees of the Agency assigned or detailed in accordance with provisions of this section, and in addition shall continue to pay the pay and allowances to which such officers or employees may be entitled, in accordance with their position with the Agency.

The most important features are those which extend the present ceiling for purchases without advertising from \$100 to \$1,000, and which allow us to make purchases and contracts without advertising where security dictates such a procedure. The remainder of this section sets forth the applicable provisions of the Procurement Act regarding rules for advertising, the type of contracts that can be made, damages, joint procurement, delegations of authorities and limitations thereon.



*14 pages long*

CENTRAL INTELLIGENCE AGENCY  
Washington 25, D. C.

15 December 1948

The Honorable  
The Director of the  
Bureau of the Budget  
Bureau of the Budget  
Washington 25, D. C.

Dear Mr. Webb:

In accordance with the letter of the President, dated 6 November 1948, regarding proposed agency legislative programs for the coming session, and my reply to you of 29 November 1948, I am forwarding herewith the text of proposed legislation for the Central Intelligence Agency.

This proposed bill is substantially the same as S. 2688 (Report No. 1302) which was passed by the Senate on 19 June 1948. A similar bill, H.R. 5871 (Report No. 1853), was unanimously approved by the Armed Services Committee of the House of Representatives, but was not passed when lack of time in the closing hours of the session prevented its being called up. Bureau of the Budget approval of last year's draft was contained in a letter to me from Mr. Elmer B. Staats, Assistant Director of the Bureau of the Budget, dated 6 April 1948. The full concurrence of the Comptroller General was contained in his letter to you dated 12 March 1948.

Reexamination of the provisions of S. 2688 indicates that while it was satisfactory, experiences over the past few months have indicated that certain additions to that bill would be most helpful to this Agency. We have, therefore, included them in the accompanying draft bill. I am also enclosing a detailed analysis of the new provisions, so that you may readily see the additions to S. 2688.

Sincerely yours,

/s/ R. H. Hillenkoetter

R. H. HILLENKOETTER  
Rear Admiral, USN  
Director of Central Intelligence

Encl: 2

15 December 1948

EXPLANATION OF PROPOSED CIA LEGISLATION

(Asterisks are placed before new sections which did not appear in bills submitted to 80th Congress).

Section 1 comprises definitions of certain terms used in the Act.

Section 2 provides for a seal of office. Intelligence records contain information that is sometimes required for official use either in other Departments or as evidence in legal proceedings. Unless proper authentication of copies can be made, original documents would have to be produced.

Section 3(a) provides for the extension to CIA of certain provisions of the Armed Services Procurement Act of 1947 (Public Law 413, 80th Congress). The following provisions of Section 2(c) of the Armed Services Procurement Act are requested which provide for negotiation on purchases and contracts for supplies without advertising if:

There is a national emergency, (Sec. 2(c)(1));

The public exigency will not admit a delay,  
(Sec. 2(c)(2));

The aggregate amount does not exceed \$1,000.00,  
(Sec. 2(c)(3));

For personal or professional services, (Sec.  
2(c)(4));

For service to be rendered by universities,  
colleges or other educational institutions,  
(Sec. 2(c)(5));

STATEMENT OF THE DIRECTOR OF CENTRAL  
INTELLIGENCE BEFORE THE SENATE ARMED  
SERVICES COMMITTEE -- 13 MAY 1948

Mr. Chairman, Members of the Committee, before going into a detailed explanation of the specific provisions of the Central Intelligence Agency Act S. 2306 with you, there are a few preliminary background remarks which I wish to make. This bill has been unanimously approved, first by a subcommittee and then by the full Armed Services Committee of the House.

The first point I would like to make is that this bill in no way changes the functions of the Central Intelligence Agency as set forth in Section 102 of the National Security Act of 1947. The main points which this bill attempts to accomplish <sup>are</sup> ~~is~~ to provide for the administration of the Central Intelligence Agency by extending to the Agency the provisions of certain other laws presently on the statute books, notably the Armed Services Procurement Act of 1947 and the Foreign Service Act of 1946, and to provide for the Agency's appropria-

tried to include in this bill those administrative provisions which experience in intelligence operations during and since the war has indicated are most necessary.

The main purposes of this bill are threefold, ~~as I will explain later.~~ *First —* There are certain procurement problems

inherent in an operational intelligence agency ~~which~~ can best be met by extending to ~~it~~ *us* certain provisions of the

Armed Services Procurement Act of 1947. These provisions deal primarily with raising the ceiling under which items

may be procured without advertising from the present \$200.00

*limit* to the \$1,000.00 allowed by the Armed Services Procurement

Act. It will also permit us to purchase without advertising certain types of operational items, advertising for which would impair our security.

Secondly, we are seeking to have extended to us certain provisions of the Foreign Service Act of 1946 regarding living and quarters allowances, transportation costs and

- 3 -

statutory leave. We feel that these items are most necessary to us in building up a career service in intelligence. It is our desire to make a career in the Central Intelligence Agency, particularly for those of our personnel who are stationed abroad, as attractive in every way as any foreign service career in the Government. It is only by doing this that we will be able to attract the caliber of personnel which we desire, and we are anxious to have this type of personnel look upon the Central Intelligence Agency as the finest career in Government.

Finally, as many of you know, the budget of the Central Intelligence Agency is concealed in several places in the budget of the United States and there is no reference to it anywhere. We have, therefore, included in this bill appropriations language in an effort to establish a point of reference to which the administrative and fiscal officers of the Agency

- 4 -

and other appropriate offices of the Government may look to determine what expenditures are authorized in the course of supporting the activities of the Agency. There are further provisions for the spending of a portion of our appropriations for confidential purposes to which the Director of Central Intelligence will certify and his certification will be a full accounting for such expenditures.

This bill has been prepared only after a long study of intelligence experience over the past five years, and has met the approval of both the Bureau of the Budget and the General Accounting Office. These offices, together with other departments of the Government, have bent over backwards since the formation of the Central Intelligence Group in January 1946 to assist us in every way possible in the administration of the Agency. It is now felt, in the light of our experiences, that this bill will best accomplish our needs.

I would like to call your attention to the fact that

- 5 -

*bill*  
in the ~~text~~ before you we have made three or four textual changes of one word each and made a change in one paragraph, as set forth on the first page of the House Committee Report. These amendments were offered by us to the House Committee after the bill had been printed, and we request that these same textual changes be made in the Senate version of the bill.

With your permission I will now go over the bill section by section and *and attempt to answer* ~~present myself for~~ any questions which may arise as we go along.

*INTRO.*



SECRET

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

STATEMENT OF THE DIRECTOR OF CENTRAL  
INTELLIGENCE BEFORE THE HOUSE ARMED  
SERVICES COMMITTEE -- 8 APRIL 1948

Before entering into a detailed section by section analysis of the bill before you (H.R. 5871), a little general background might be of interest. On 22 January 1946, by Executive letter, the President of the United States established the Central Intelligence Group under the direction and control of the National Intelligence Authority. The Executive directive set forth the functions and the authority of the Group in some detail, and provided that the personnel of the Agency should be assigned to the Group from the personnel of the State, War and Navy Departments. The unworkable nature of this arrangement very quickly became apparent, for it was necessary for each of these departments to hire and place on its own roles for assignment to duty with CIG the

SECRET

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

SECRET

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

personnel which the Group desired to utilize. It was not until well into the summer of 1946 that arrangements were made for the Group to hire personnel directly.

Budgetary problems also were very difficult to handle until an agreement was reached which established a working fund at the disposal of the Central Intelligence Group. The Executive letter and the manner of our administrative and logistical support were always considered to be of a temporary nature pending the passage of some form of unification legislation, such as had been initiated in 1945 and which was drafted to include a centralized intelligence organization.

All of the departments and agencies of the Government and particularly the Bureau of the Budget, the General Accounting Office and the State, War, Navy and Treasury Departments, were quick to realize the special administrative problems which arose in the administration and

SECRET

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

~~SECRET~~  
- 3 -

operations of an intelligence agency such as we were seeking to establish, and cooperated to the best of their abilities. Without this help and understanding, we would not be in business or so advanced today. In matters of administration, personnel, budget and fiscal we had in some measure the experiences of and the lessons learned from the Office of Strategic Services on which to fall back. These could in some measure serve as a precedent. Certain steps, however, which were taken by the Bureau of the Budget and the General Accounting Office, particularly in such fields as the use of unvouchered funds, were done with an understanding that at an appropriate time we would come forward with legislation to set up the administration of the Agency on a firm statutory basis. The understanding and helpfulness with which our needs were considered by Committees of both Houses of Congress, including the Appropriations Committees, made it possible for us to

~~SECRET~~

**SECRET**

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

- 4 -

operate a service that is of the utmost necessity to the national security of the United States.

In January of 1947, a draft of a unification bill was agreed upon and submitted to the Congress. In conferences between my predecessor as Director of Central Intelligence, General Vandenberg, and the drafters of the bill (General Norstad representing the War Department and the Air Forces, Admiral Sherman representing the Navy and Mr. Murphy representing the White House) the text of the functions of the new Central Intelligence Agency and its position under the National Security Council were agreed upon virtually as they appear in Section 102 of the National Security Act of 1947 (Public Law 253 -- 80th Congress). During these conferences, very detailed proposals for the administration of the Central Intelligence Agency substantially in the language of H.R. 5871, now before you, were presented. However,

**SECRET**

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

it was felt that to place so much detail into an overall unification bill would unnecessarily burden the latter. As a matter of fact, it was generally agreed that this present type of detailed legislation had no place in the broad terms of the unification act which was seeking to establish a general structure rather than to outline detailed procedures. Therefore, it was decided to omit from the unification bill the administrative provisions for the Central Intelligence Agency, except to provide for transfer to the new Agency of funds, records, personnel and property and the urgently desired right of the Director to terminate the employment of any officer or employee of the Agency, if in his discretion such termination is necessary in the interest of the United States. It was agreed that passage of the unification bill would be followed by detailed enabling legislation for the Agency and these facts were brought out in hearings in

SECRET  
- 6 -

both the House and the Senate. An early draft in fact was shown to the House Committee on Expenditures when they were considering our section of the bill. With this background in mind, the Bureau of the Budget, the General Accounting Office and other departments of the Government have gone along with the special arrangements necessary to keep us in business and to help us develop the procedures we feel necessary in the development of a mature intelligence service for this country. It was thought, when we started back in 1946, that at least we would have time to develop this mature service over a period of years -- after all, the British, who possess the finest intelligence in the world, have been developing their system since the time of Queen Elizabeth. Unfortunately, the international situation has not allowed us the breathing space we all might have liked, and so, as we present this bill, we find ourselves in operations up to our necks,

SECRET

SECRET

- 7 -

and we need the authorities contained herein as a matter of urgency.

Turning to the text of H.R. 5871 itself, it should be pointed out that the broad purposes which we are seeking to accomplish here are three in number. The first purpose is to extend to the Central Intelligence Agency certain provisions of the Armed Services Procurement Act of 1947 (Public Law 413 - 80th Congress), which has recently been enacted. This is requested on the basis of difficulties which have been experienced in supplying the peculiar needs of an intelligence service. When we arrive at those specific provisions in the bill, I will attempt to show by specific examples just what these problems are to justify the request for these authorities. It should only be noted here, however, that we are not requesting all of the provisions of the Procurement Act, but just those which we feel can be justified by the nature

SECRET

**SECRET**

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

of our activities.

The second main purpose of this legislation is to further something which we continually seek to stress at the Agency, namely, that employment with this Agency should be considered in the light of a career service. Inasmuch as we are concerned with the coordination and production of foreign intelligence pertaining to the national security, there will be frequent need for overseas travel, overseas assignment and the establishment of overseas posts. It is felt that we have a problem similar to that faced by the Foreign Service of the State Department in the assignment of personnel to duty abroad, and therefore authorities similar to those granted in the Foreign Service Act of 1946 are necessary to the development of an intelligence career staff. It is not necessary to belabor the point that there is nothing more useless to us than to train carefully selected

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

**SECRET**



**SECRET**

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

personnel in operations abroad or develop experts in the field of intelligence research and analysis only to have them depart to greener fields outside the Government or to other Government agencies after a short tour of duty with us. We wish to make an intelligence career one of distinction and honor, desirability and attractiveness.

The third major purpose of this bill is to include appropriations language in an effort to establish points of reference to which the administrative and fiscal officers of this Agency and other appropriate offices of the Government -- particularly the Bureau of the Budget and the General Accounting Office -- may look to determine what expenditures are authorized in the course of supporting the activities of the Agency. This is made necessary by the fact that all funds, whether vouchered or unvouchered, are not appropriated in the normal manner, and consequently their expenditure is not authorized by

**SECRET**

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

SECRET

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

annual appropriation language. The greater portion of these sections pertains to activities necessary to the normal administration of the Agency, but for which money cannot be expended without specific authorization. These provisions authorize the spending of a portion of the money for confidential purposes where security would prohibit an audit.

The provisions proposed in this legislation are based on experiences in the field of intelligence during and since the war. Because of these experiences and the security aspects of intelligence generally, it was felt best to incorporate these administrative necessities in the one bill which appears before you.

Under date of 6 April 1948 we have been advised by the Bureau of the Budget that there would be no objection to our presenting this legislation for the consideration of the Congress. It has been strongly endorsed by the Comptroller General, The Honorable

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

SECRET

Lindsay C. Warren, to the Director of the Bureau of the  
in a letter  
Budget/dated 12 March. In taking cognizance of the  
"much wider authority" granted under this bill than the  
Comptroller General would "ordinarily recommend for  
Government agencies generally", he stated that "the  
purposes sought to be obtained by the establishment of  
the Central Intelligence Agency are believed to be of  
such paramount importance as to justify the extraordinary  
measures proposed therein. . . . In an atomic age, where  
the act of an unfriendly power might, in a few short  
hours, destroy, or seriously damage the security, if not  
the existence of the nation itself, it becomes of vital  
importance to secure, in every practicable way, intelli-  
gence affecting its security. The necessity for secrecy  
in such matters is apparent and the Congress apparently  
recognized this fully in that it provided in section  
102(d) 3 of Public Law 253, that the Director of Central

~~SECRET~~  
- 10 b -

Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure.

Under these conditions, I do not feel called upon to object to the proposals advanced in sections 3, 6 and 7 of the act. Sections 1, 2, 8 and 9 of the act are largely ministerial and free from objection under the circumstances. Sections 4 and 5 are patterned closely to the provisions of the Foreign Service Act of 1946, 60 Stat. 999, and appear free from objection. . ."

The approval of the Civil Service Commission has also been obtained in a letter dated 10 March 1948 from the Commission Chairman, The Honorable Harry B. Mitchell, to the Bureau of the Budget.

I would like at this time to go into such detailed discussion of the sections of the bill as the Committee might presently desire.

*SEC. 1*

SECRET

- 11 -

Section 1. (Page 1, line 4). DEFINITIONS. The definitions included in this proposed legislation are for the purpose of clarifying the meaning of certain terms in the succeeding sections. These are standard definitions in common use in many public laws already on the books.

SECRET

SEC. 2

SECRET

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

- 12 -

Section 2. (Page 2, line 8). SEAL OF OFFICE.

Statutory authority is needed to create a seal of office for the Agency. On several occasions members of this Agency, in contacting prospective sources of intelligence, have been embarrassed and even refused information due to the absence of proper credentials. This problem has been met by giving our contact men letters of introduction on Agency letterhead, personally signed by the Director. However, as recently as the 11th of March, ~~of~~ 1948, ~~this year~~ we received an inquiry from a contact in the New England area making reference to this letter of introduction and requesting advice, first, as to the authenticity of the letter and, second, as to whether the bearer himself was entitled to the letter. We have found that most often the contact wishes to see either a pass or a document of introduction bearing the Agency's

SECRET

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

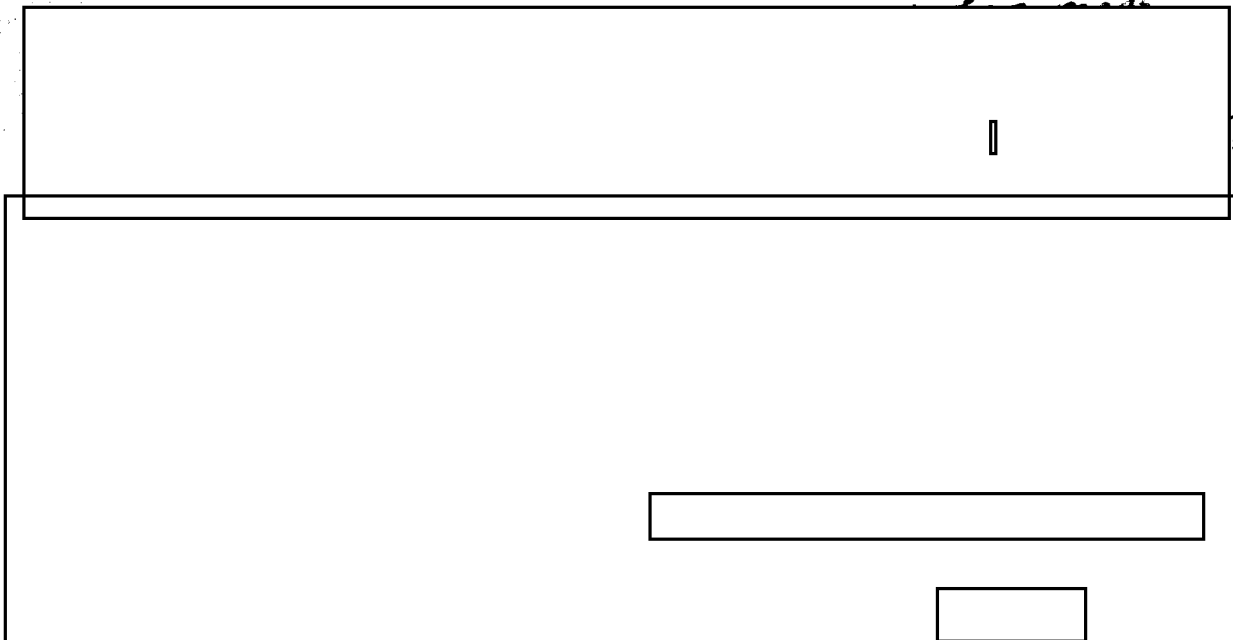


~~SECRET~~

- 13 -

seal, for, as a general rule, when a properly embossed seal is presented, the question of authenticity does not seem to arise.

Experience has shown that intelligence records contain information that is required from time to time for official use either in other departments or as evidence



Unless proper authentication of copies can be made, original documents have to be produced. The law provides (28 U.S.C. 661) that copies authenticated with the seal of an executive department will be recognized and accepted in

~~SECRET~~

**SECRET**

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

- 14 -

evidence to the same extent as the original document. For these reasons we are therefore requesting the statutory authority to prepare and adopt a seal for this Agency.

**SECRET**

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

SEC. 3

~~SECRET~~

- 15 -

Section 3. (Page 2, line 13). ~~PROCUREMENT~~ AUTHORITIES.

We are seeking certain procurement authorities on the basis of difficulties which have been experienced in supplying the peculiar needs of an intelligence service. It was felt that the best way to procure these authorities would be to request that certain provisions of the Armed Services Procurement Act of 1947 (Public Law 413 - 80th Congress) be extended to Central Intelligence. By these means we would provide for exceptions to the normal requirements for advertising which have already been granted to the National Military Establishment and NACA by Public Law 413. Inasmuch as all of the authorities given in Public Law 413 are not required by CIA, those sections deemed appropriate and necessary to us have been incorporated by reference in Section 3(a) of H.R. 5871 before you. Sections 3(b), 3(c) and 3(d) of our bill are adaptations to CIA organization of general provisions

~~SECRET~~

SECRET

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

dealing with delegations of authority. They follow as closely as possible the original form of Public Law 413.

As a general proposition it can be pointed out that certain of our items, such as special cameras, explosives, and communications equipment, are secret in nature or in the use to which put, and consequently advertising should not be used in their procurement. In contrast to normal Government procurement, some of our equipment should not be standardized but should be diversified in order to insure the security of individuals and establishments of the Agency. For example, if all our covert stations used identical typewriters bought in a lot with consecutive serial numbers, exposure of one office would endanger all.

SECRET

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

*SEC. 3 (A)*

Section 3(a). (Page 2, line 15).

Section 3(a) of H.R. 5871 authorizes the extension to the Central Intelligence Agency of Section 2(c)(1) of the Armed Services Procurement Act of 1947. This section provides that purchases and contracts for supplies and services may be negotiated by the Agency head without advertising if it is determined to be necessary in the public interest during a period of a national emergency declared by the President or by the Congress.

In time of national emergency, intelligence operations would, with the Military Establishment, be the first activity to require expansion of a type to meet the crisis for which the emergency was declared. At such a time, plans for emergency operations (such as utilization and supplying of underground or resistance movements in over-run countries) would be implemented by actual expansion of the Agency's activities and the procurement necessary

SECRET

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

- 18 -

to their support. Previous experience of the Military Establishment and intelligence agencies, particularly in World War II, has shown that procurement on such an emergency basis must be done by negotiation. This is required by the need for utmost speed, need for adaptability to changing conditions, and limitations on sources of supply either through Government controls or shortages in such sources. Provisions of this section would give the Agency authority to negotiate under such emergency circumstances.

No such authority was in existence at the commencement of World War I and II. It was necessary for Congress to enact legislation conferring broad powers on the Executive and then for the Executive to implement these powers by Executive Order (such as Executive Order 9001 and extensions thereof by further Executive Orders). The

SECRET

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1



time lost by these steps could be crucial under foreseeable contingencies in an atomic war. In addition to the general conditions set forth above requiring blanket authority to negotiate in times of national emergency, an intelligence service would have special considerations of security involved in operations peculiar to its assigned mission.

~~SECRET~~

- 20 -

Section 3(a) of H.R. 5871 authorizes the extension to the Central Intelligence Agency of Section 2(c)(2) of the Armed Services Procurement Act of 1947. This Section provides that purchases and contracts for supplies and services may be negotiated by the Agency head without advertising if the public exigency will not admit of the delay incident to advertising.

This is similar to the general exception provided for in Section 9(a) of Public Law 600 of the 79th Congress (an act to authorize certain administrative expenses in the Government service) which revised Section 3709 of the Revised Statutes regarding advertising. This Section has a long history in Government procurement and its exercise is controlled by well established principles. Its application to Central Intelligence is important where there are sudden urgent requests from overseas or where it

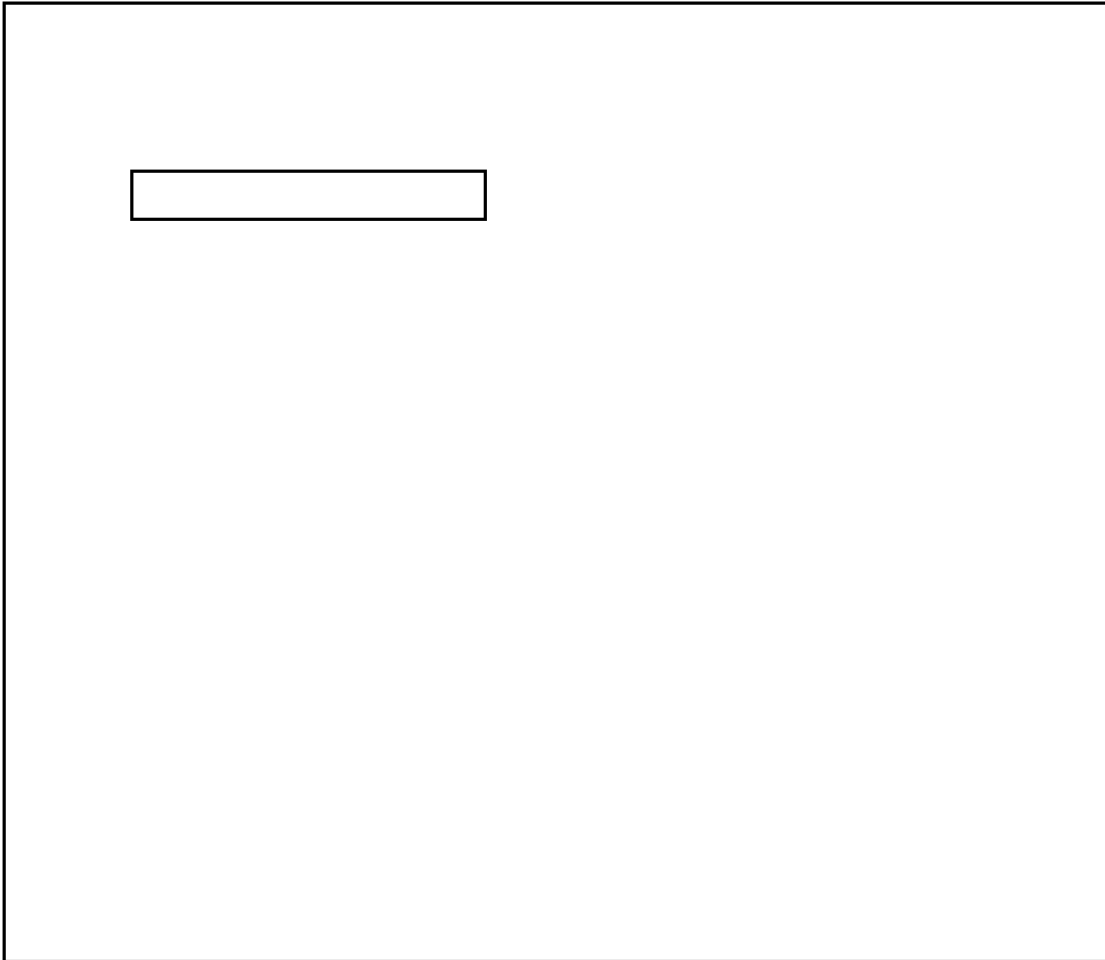
~~SECRET~~

~~SECRET~~

- 21 -

would be very necessary in the course of operations  
rapidly to implement Government policy.

25X1



25X1

~~SECRET~~

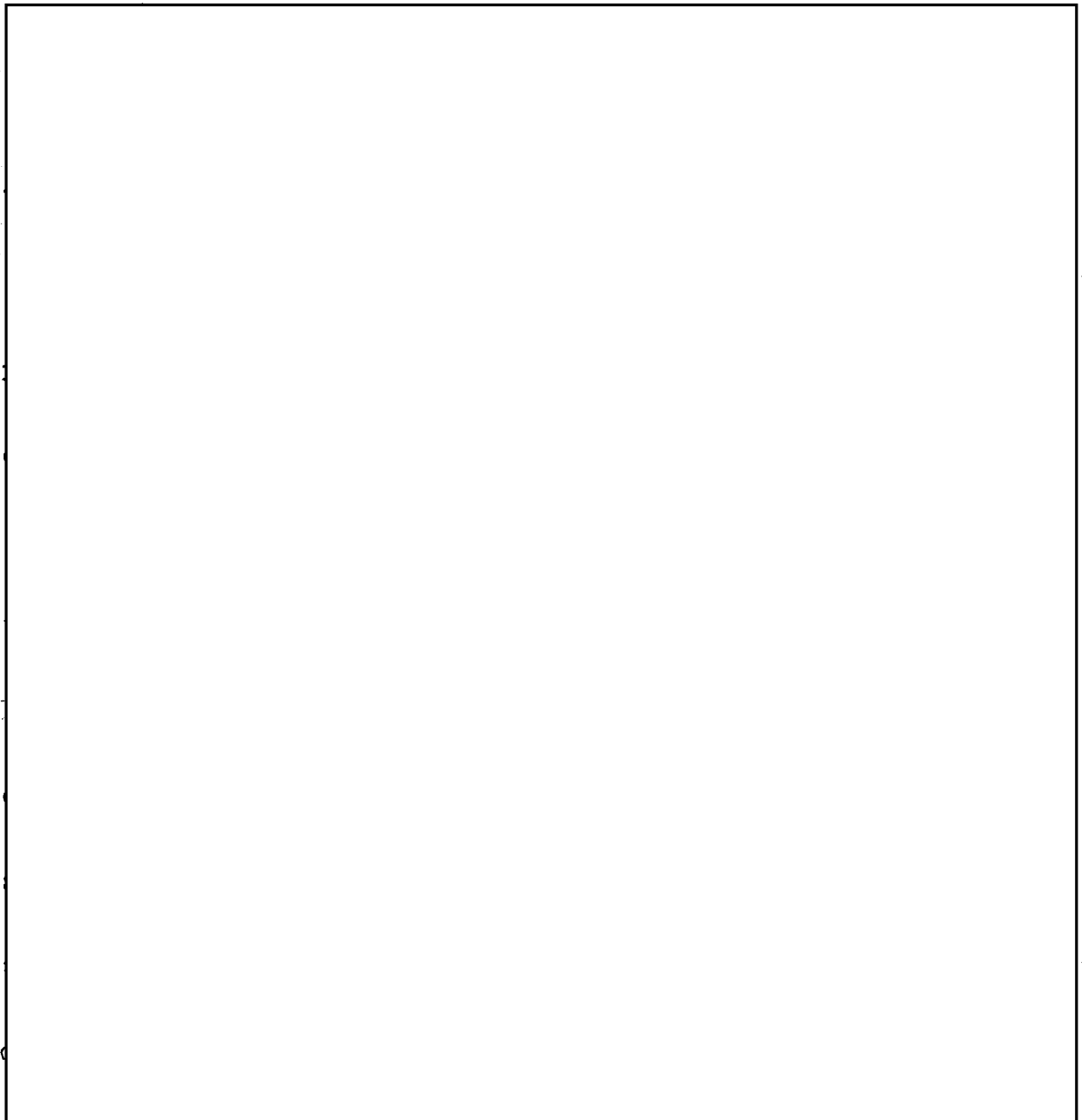
Section 3(a) of H.R. 5871 authorizes extension to the Central Intelligence Agency of Section 2(c)(3) of the Armed Services Procurement Act of 1947. This Section provides that purchases and contract for supplies and services may be negotiated by the Agency head without advertising if the aggregate amount involved does not exceed \$1,000.

This provision raises the normal exemption from \$100 to \$1,000. The lower limitation has caused the bulk of the procurement problems for Central Intelligence Agency in the past. A variety of items not available through normal procurement channels is required for the support of our activities. The bulk of this type of procurement falls below \$1,000 in the aggregate, but in large part exceeds \$100. Due to the inadequate sources of stock in supply resulting in large part from the emergency occasioned by World War II and the continuing increased inflationary cost of supplies and equipment of all types, the normal

~~SECRET~~

- 23 -

day-to-day operations of the Agency are considerably handicapped without this authority since a large portion of our routine procurement transactions can no longer be met under the limitation of \$100 presently in effect. 25X1



~~SECRET~~

~~SECRET~~

- 24 -

25X1



Extension of this provision to CIA will not mean that the Agency will not make checks in order to determine the fair market prices of material, but the delays and lack of security incident in advertising for some of these items will be curtailed. This will result in a considerable saving in manpower and administrative costs to us. There has been little indication that the advertising process used heretofore has resulted in any substantial saving to the Government, whereas the load of paper work involved in advertising and the resulting delays have definitely impaired the efficiency of Central Intelligence procurement as a whole.

~~SECRET~~

SECRET  
- 25 -

Section 3(a) of H.R. 5871 authorizes the extension to the Central Intelligence Agency of Section 2(c)(4) of the Armed Services Procurement Act of 1947. This Section provides that purchases and contracts for supplies and services may be negotiated by the Agency head without advertising for personal or professional services.

This Section is merely a clarification of existing authorities which have been recognized by interpretation of Section 3709 of the Revised Statutes regarding advertising, and Section 9 of Public Law 600.

This Section is needed by the Agency to allow for the employment of individual specialists and professional services in connection with research into various types of special intelligence equipment, such as machine records, communications and explosives, as well as research into special academic topics of interest to the Agency. For

SECRET

25X1

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

Next 1 Page(s) In Document Exempt

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1



**SECRET**

- 28 -

On certain types of research, particularly of an unclassified nature, the personnel required to perform these functions are not needed in a long range intelligence program, but rather for short range work. Therefore, it is not practical to engage them as CIA personnel. At other times, it is more practical for them to continue to work at home or in their colleges where their own materials are available. Furthermore, the work desired may be of such a nature that any connection between the Agency and the personnel involved should not be shown, and therefore such personnel should not be placed on the rolls as expert consultants. An example of an unclassified study being undertaken by a distinguished scholar

25X1  under contract with Central Intelligence is one which <sup>is being</sup> ~~was~~ prepared on the political-psychological background of the U.S.S.R. It was a short range project which did not require access to highly

**SECRET**

25X1

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

**SECRET**

- 30 -

in compilation of such material require expert interpretation. It is also necessary that the latest developments be gleaned from authorities in certain trades and professions. Such situation may frequently arise in the future which could be handled under this section of the law.

**SECRET**

**SECRET**

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

- 31 -

Section 3(a) of H.R. 5871 authorizes the extension to the Central Intelligence Agency of Section 2(c)(5) of the Armed Services Procurement Act of 1947. This Section provides that purchases and contracts for supplies and services may be negotiated by the Agency head without advertising for any service to be rendered by any university, college or other educational institution.

This authority is requested in order that the facilities of certain educational institutions may be utilized in the preparation of basic unclassified research with respect to foreign countries and areas. Such subjects as transportation systems, customs, economic data and related matters could be the subject of many basic studies outside this Agency. Educational institutions could be used for trainee programs and a certain amount of library service over a continuing period.

An example of such service is the agreement

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

**SECRET**

25X1

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

~~SECRET~~

- 33 -

Section 3(a) of H.R. 5871 authorizes the extension to the Central Intelligence Agency of Section 2(c)(6) of the Armed Services Procurement Act of 1947. This Section provides that purchases and contracts for supplies and services may be negotiated by the Agency head where the supplies or services are to be procured and used outside the limits of the United States and its possessions.

This provision is a recognition of the impracticability of giving extra-territorial effect to the advertising provisions of Revised Statute 3709, as amended. In most foreign countries it is impossible to comply with the provisions of Section 3709 for the reason that local firms and vendors are not familiar with United States Government contract and procurement procedure and, therefore, to attempt to require normal compliance with advertising requirements would seriously impede local operations.

~~SECRET~~

**SECRET**

- 34 -

In many cases abroad, equipment or supplies of a specialized nature can be procured locally if direct contact and negotiations can be carried on with certain sources of supply. They can be procured locally in most instances more economically and expeditiously than if purchased in the United States particularly when the elements of time and cost of shipping are considered. In this category fall many items of supply or services which are needed abroad to give logistic support to

25X1

**SECRET**

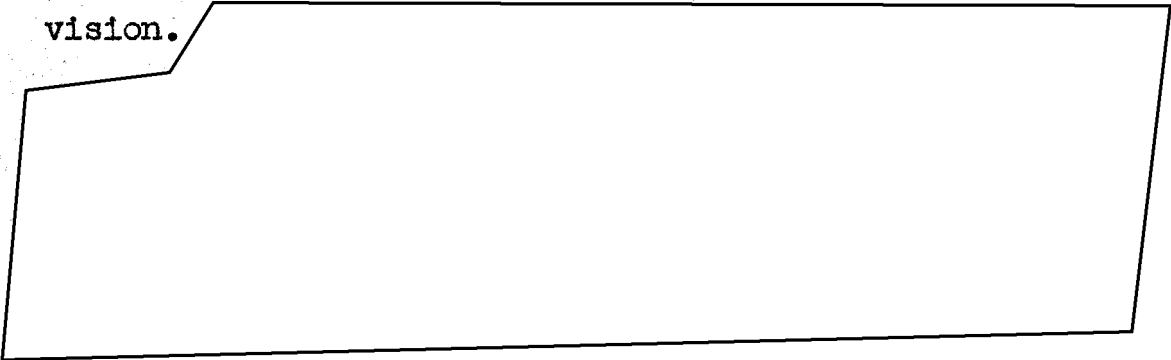
SECRET

- 35 -

All of these items can only be satisfactorily procured at most foreign locations if direct negotiation and contract can be made without recourse to advertising.

All types of housekeeping supplies and equipment and local office equipment are included within this pro-

vision.



25X1

In certain foreign countries, attempts to advertise have merely published our needs to local suppliers who, not constrained by anti-trust legislation, have ganged up to boost the price and divide the proceeds.

SECRET



~~SECRET~~  
- 36 -

Section 3(a) of H.R. 5871 authorizes the extension to the Central Intelligence Agency of Section 2(c)(10) of the Armed Services Procurement Act of 1947. This Section provides that purchases and contracts for supplies and services may be negotiated by the Agency head for supplies or services for which it is impracticable to secure competition.

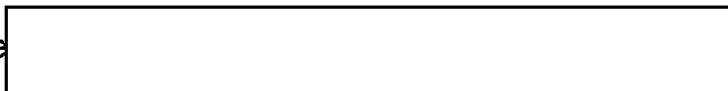
If special supplies or services have been satisfactorily procured from a known and trusted individual or firm over a considerable period of time, it is most desirable for reasons of security to refrain from permitting additional sources to have knowledge of the Agency's activities or the type of services or supplies being procured. It would therefore be most practicable to continue to use the same source of supply, since it would be obvious that the accomplishment and security of the Agency's objectives might be seriously impaired if

SECRET

- 37 -

any change in contractors or vendors were made. In this category would be included certain types of special operational supplies and equipment.

The



cited

25X1

earlier, and the Associated Press news coverage used by CIA headquarters in Washington are examples of services for which it is impracticable to secure competition.

While this is self-evident in the case of [redacted] and

25X1

25X1

[redacted] use of the Associated Press service

is determined by our staff on the basis that AP supplies the best service and the best world-wide coverage for our purposes. Therefore it becomes impracticable to secure competition by advertisement from the other services. In addition, in this particular case, CIA is able to tie into the government-wide contract which is held by the Federal Bureau of Supply with the Associated Press.

SECRET

25X1

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

~~SECRET~~

- 39 -

Section 3(a) of H.R. 5871 authorizes the extension to the Central Intelligence Agency of Section 2(c)(12) of the Armed Services Procurement Act of 1947. This Section provides that purchases and contracts for supplies and services may be negotiated by the Agency head for supplies or services as to which the Agency head determines that the character, ingredients or components thereof are such that the purchase or contract should not be publicly disclosed.

This is one of the most important provisions for CIA in view of the peculiar nature of some of our operational equipment and the confidential purposes to which it is put. Under this provision the Director would have authority to approve the procurement of special materials and equipment, through trusted sources. In such cases any public or unnecessary disclosure to unauthorized sources would be detrimental to the national interest.

~~SECRET~~

~~SECRET~~

- 40 -

While this section tends to overlap some of the other sections previously discussed, the distinction is drawn that in sections discussed earlier, competition is considered merely impracticable, whereas in this section are included the cases where advertisement for certain types of equipment goes beyond impracticability to the point where public disclosure would seriously impair the workings of the Agency. It should be noted in this connection that the authority to approve under this section is non-delegable and must be exercised by the Agency head.

~~SECRET~~

SECRET

- 41 -

Section 3(a) of H.R. 5871 authorizes the extension to the Central Intelligence Agency of Section 2(c)(15) of the Armed Services Procurement Act of 1947. This Section provides that purchases and contracts for supplies and services may be negotiated by the Agency head for supplies or services as to which the Agency head determines that the bid prices after advertising therefor are not reasonable or have not been independently arrived at in open competition.

This Section is a specific statement of a basic existing principle of Government procurement. In part it is aimed at the practice of collusive bidding.

SECRET

SECRET

- 42 -

Section 3(a) of H.R. 5871 authorizes the extension to the Central Intelligence Agency of Section 2(c)(17) of the Armed Services Procurement Act of 1947. This Section provides that purchases and contracts for supplies and services may be negotiated by the Agency head where otherwise authorized by law.

This is a catchall provision to allow the Agency to avail itself of such special procurement provisions as may from time to time be specifically authorized under various statutes.

SECRET

**SECRET**

- 43 -

Section 3(a) further requests the extension to this Agency of the provisions of Sections 3, 4, 5, 6 and 10 of the Armed Services Procurement Act of 1947. These sections respectively set forth the rules for advertising, state the type of contracts that can be made, provide for advance payments under certain circumstances, authorize remission by the Comptroller General of liquidating damages for delays on recommendation of the Agency head and provide for procurement by one Agency for another or for joint procurement.

They serve to set certain limitations on the provisions of contracts entered into under Section 2(c) of the Armed Services Procurement Act requested herein.

**SECRET**



SEC. 3 (B)

**SECRET**

- 44 -

Section 3(b) (Page , line ).

This Section defines the term "Agency head" as the Director, Deputy Director or Executive of Central Intelligence in the same manner as it is defined in Section 9 of the Armed Services Procurement Act, where "Agency head" is construed to mean the Secretary, Under-Secretary or any Assistant Secretary of the Armed Services.

It should be noted that this represents a change over former versions of the bill in that the word "Executive" has been substituted for the words "Executive Director" in order to coincide with a change in title within the Agency.

**SECRET**

SEC. 3 (c)

**SECRET**  
- 45 -

Section 3(c) (Page 2, line 23).

This Section provides for the delegation of procurement authorities by the Agency head to other responsible officials of the Agency in a manner similar to the provisions of Section 10 of the Armed Services Procurement Act.

**SECRET**

SEC. 3 (D)

~~SECRET~~

- 46 -

Section 3(d). (Page 3, line 8).

This Section provides that certain procurement authorities contained in the Armed Services Procurement Act shall be exercised only by the Agency head and shall not be delegable. Specifically, these are the authorities which provide for contracting without advertising for supplies or services as to which the Agency head determines that the character, ingredients or components thereof are such that the purchase or contract should not be publicly disclosed, (Sec. 2(c)(12)), and where the Agency head determines that the bid prices after advertising are not reasonable or have not been independently arrived at in open competition (Sec. 2(c)(15)).

In this connection, the distinction should be noted that in Section 2(c)(10) of the Armed Services Procurement Act the fact that it is impracticable to secure competition is a determination which can be made by appropriate

~~SECRET~~

SECRET

- 47 -

contracting officials of the Agency, whereas in Section 2(c)(12) of that Act are included the cases where advertisement for certain types of equipment go beyond impracticability to the point where public disclosure would seriously impair the workings of the Agency. This latter decision is specifically reserved to the Agency head to make in the interest of national security.

This section of H.R. 5871 provides that such decisions shall be based on written findings which shall be maintained in the Agency for a period of 6 years following the date of determination. Included in these files are those determinations to be made under the provisions of Section 4 of the Armed Services Procurement Act which state the type of contracts that can be made and Section 5(a) of the Armed Services Procurement Act which provide for advance payments under certain conditions.

SECRET

*SEC. 4*



SECRET

- 48 -

Section 4. (Page 3, line 20). EDUCATION AND TRAINING.

The language of this section follows that of Sections 573(b) and 705 of the Foreign Service Act of 1946 (Public Law 724 -- 79th Congress).

~~One correction should be made in the text of Section 4(b) of H.R. 5871. The word "officials" on page 4, line 3 and page 4, line 6 should be stricken and the word "officers" should be substituted in each instance.~~

Section 4(a) (page 3, line 20) provides that any officer or employee of the Agency may be assigned or detailed for special instruction, research or training to specially designated types of educational and other institutions and organizations.

Section 4(b) (page 4, line 1) provides further that upon the assignment for schooling of an officer or employee of the Agency, under the provisions of Section 4(a), the

SECRET

SECRET

- 49 -

Agency shall (under such regulations as the Director may prescribe) pay the tuition and other expenses of the officers and employees of the Agency assigned or detailed in accordance with provisions of sub-section 4(a), and in addition shall continue to pay the pay and allowances to which such officers or employees may be entitled, in accordance with their positions with the Agency.

Specific authority would be needed if it were deemed appropriate to send employees of the Agency to a school within the National Military Establishment, such as the National War College. In a few highly selected cases it will be of great benefit to the Government, and the work of CIA in particular, if CIA is authorized to assign especially qualified personnel for courses of specialized

25X1

SECRET

~~SECRET~~

- 50 -

University, and similar programs.

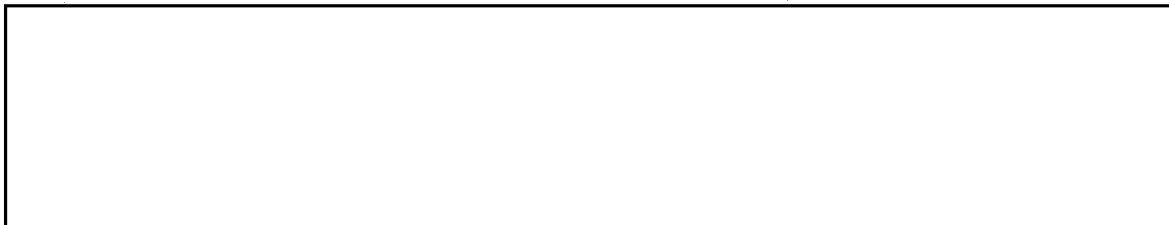
It will occasionally be beneficial to send new appointees and, in some cases, old employees who have



~~SECRET~~

SECRET

- 51 -



25X1

For these purposes specific authorization is needed

in the law so that appropriated funds may be used.

SECRET

SEC. 5

**SECRET**

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

- 52 -

Section 5. (Page 4, line 8). TRAVEL, ALLOWANCES,  
AND RELATED EXPENSES.

An intelligence service should be a career service,  
and a major purpose in proposing this legislation is to  
support this idea. Since we must assign personnel to  
duty abroad, we feel that we have a problem similar to  
that faced by the Foreign Service of the State Department.  
Therefore we are requesting certain authorities similar  
to those granted in the Foreign Service Act of 1946. We  
wish, in every way possible, to make an intelligence  
career not only one of great service but also one which  
will attract men and women of real ability.

The authorities asked in Section 5 of H.R. 5871 are  
designed especially to advance this concept of a career  
service and are based on the paramount concept of a  
professional service. We hope to develop a corps of

**SECRET**

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

SECRET

- 53 -

trained personnel, many of whom may enter at or near the bottom of the ladder and advance by merit to positions of authority and responsibility within the service. The compensation should be sufficient to attract able men regardless of their possession or lack of large private means.

The authorities requested in Section 5(A) are maximum grants and are subject to such limiting regulations as the Director may prescribe. Such regulations will, in general, be patterned on those of the State Department. This is



~~One correction should be made in the text of Section 5(A) of H.R. 5871. On page 4, line 9, the phrase "officers and" should be inserted between the words "its" and "employees".~~

The language of the sub-sections of Section 5 which follow has been taken <sup>virtually</sup> verbatim from the appropriate sections of the Foreign Service Act of 1946 (Public Law 724 - 79th

Congress).

SECRET

25X1

SEC. 5 (A) (1)



SECRET

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

Section 5(A)(1)(a). (Page 4, line 12).

This Section is taken from Section 911(1) of the Foreign Service Act. It provides for the payment of the normal travel expenses of the Agency's employees while in travel status to and from their foreign stations, and expenses for travel incurred abroad in pursuance of their normal, official duties for the Agency.

While the payment of these official travel expenses can now be accomplished under present provisions of law and the Standardized Government Travel Regulations, the important feature of this section will allow the Agency to pay for travel expenses in connection with the granting of home leave to employees stationed abroad. (This provision will be discussed in detail in connection with Section 5(A)(3), discussed below).

SECRET

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

Section 5(A)(1)(b). (Page 4, line 17).

This section is taken from Section 911(2) of the Foreign Service Act. It provides for travel expenses of the employee's family accompanying him on authorized travel, including travel for statutory home leave.

It is felt that it would be in the best interest of the Government not to burden the employee with the expense of his family's transportation when he returns to the United States on statutory leave. Failing this provision, the employee would tend to take his leave at or near the country in which he is stationed in order that he might have his family with him during vacations.

Section 5(A)(1)(c). (Page 56, line ).

This Section is taken from Section 911(3) of the Foreign Service Act. It provides for payment of transporting an employee's household belongings from post to post and to his home on termination.

This is similar to the authority granted under Section 7 of Public Law 600 (79th Congress), for movement overseas. In addition, this proposed Section provides for the transporting of household and personal effects to successive foreign posts of duty.

One change is made in the 1949 version of the bill. This provides for the addition of the phrase "to his residence at time of appointment or to a point not more distant, or, upon retirement, to the place where he will reside;". Where Public Law 600 provides for expenses on return to the United States to the place of actual residence at the time of assignment of duty outside the United States, we are providing for expenses to his residence at time of appoint-

SECRET

~~SECRET~~

- 56 a -

resigns from our service, or his services are terminated for cause. However, where an employee's services with the Agency are terminated by his retirement (as in the case of the Foreign Service officer), this Section provides for the payment of expenses to whatever place the employee designates as the place where he will reside. In a career service, it is believed that this change is appropriate in fairness to the individuals concerned.

~~SECRET~~

**SECRET**

- 57 -

Section 5(A)(1)(d). (Page 5, line 3).

This Section is taken from Section 911(4) of the Foreign Service Act. It provides a recognition of the practical situation occurring in times of emergency which forces the officer to be absent from his official station or to store his belongings elsewhere as a result of the performance of his assigned duties.

The storing of such furniture at the officer's expense, while he is absent through no fault of his own, sometimes constitutes a considerable hardship on the officer.

**SECRET**

SECRET

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

Section 5(A)(1)(e). (Page 5, line 9).

This Section is taken from Section 911(5) of the Foreign Service Act. It provides for the difficulty in obtaining quarters immediately upon arrival at a foreign station by authorizing payment for storage of an officer's or employee's belongings for a period up to three months.

This Section provides recognition of the world-wide difficulty in obtaining quarters, which often renders it impossible for an officer or employee to find quarters for some time after assignment to a new post. This often makes it necessary for him to store his furniture during the interim. The expense to which an employee is thus put is inequitable when, at the same time he is paying high prices for hotel or furnished rooms. The regular overseas allowances are inadequate to reimburse such an additional expense. A maximum of three months is considered a reasonable time for him to secure quarters.

SECRET

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

SECRET

- 59 -

Section 5(A)(1)(f). (Page 5, line 15).

This Section is taken from Section 911(7) of the Foreign Service Act. It provides recognition for the financial burden which an employee may suffer if it becomes necessary to move his family and household effects away from his post temporarily due to dangerous conditions.

Like the preceding section,<sup>(d)</sup> it recognizes the burden which an employee may suffer due to dangerous conditions arising at his official post, which necessitates moving his household away temporarily or permanently through no fault of his own.

SECRET

SEC. 5 (A) (2)



**SECRET**

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

- 59 a -

Section 5(A)(2). Page , line ).

This is a new Section. It is included in order to provide a means for obligating funds applicable to the fiscal year when authorizations are issued and arrangements made for the transfer of employees, their dependents and household effects. Thus, current funds are properly set aside, and the need for using funds applicable to subsequent fiscal years, for which budgetary provisions cannot or have not been made, is avoided.

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

**SECRET**

*SEC 5, (A) (3)*

SECRET

- 60 -

Section 5(A)(3). (Page , line ). (Formerly 5(A)(2).

This Section is taken from Sections 931(b) and 933(b) of the Foreign Service Act. It provides for the granting of statutory leave in the United States after two years' foreign service. It allows the employee, while in this country on leave, to be assigned to temporary duty in the United States. It provides further that time spent awaiting transportation shall not be counted against leave.

In conjunction with Section 5(A)(1)(b), this section permits the Agency to assume the cost of returning the employee to this country for statutory leave, a cost which might in many instances be prohibitive for an employee to bear out of personal funds. In addition, it allows an employee to bring his family back to the United States with him on such leave. This is a tremendous morale factor.

Were these provisions not included, it is probable

SECRET

**SECRET**

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

- 61 -

that many employees would take their leave abroad, whereas it is considered extremely important to have them return and renew their contacts with American affairs and keep in touch with friends and relatives in this country. This "re-Americanization" was a prime factor in the passage of this section of the Foreign Service Act of 1946. It will make a major contribution to the morale of the employees who look upon CIA as a life career. It is felt that this provision would contribute materially to the maintenance of the American point of view among CIA personnel and to the efficacy of their activities.

This Section was redrafted in 1948 at the suggestion of the Comptroller General, so as to include specifically the necessity that the employee have an accrued leave of at least 30 days at the time he is returned to this country on statutory leave. The former proviso that it be restricted only to those employees who were citizens

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

**SECRET**

25X1



Our records sometimes

are needed in deportation cases, such as the



25X1

case.

Section 3. PROCUREMENT AUTHORITIES. This section provides for the extension to CIA of a few selected provisions of the Armed Services Procurement Act of 1947. Specifically, it allows the Agency to purchase and contract for supplies and services without advertising under the following conditions:

1. determined to be necessary in the public interest during the period of a national emergency declared by the President or by the Congress;
2. the public exigency will not admit of the delay incident to advertising;
3. the aggregate amount involved does not exceed \$1,000;
4. for personal or professional services;
5. for any service to be rendered by any university, college, or other educational institution;
6. the supplies or services are to be procured and used outside the limits of the United States and its possessions;
7. for supplies or services for which it is impracticable to secure competition;
8. for supplies or services as to which the agency head determines that the character, ingredients, or components thereof are such that the purchase or contract should not be publicly disclosed;
9. for supplies or services as to which the agency head determines that the bid prices after advertising therefor are not reasonable or have not been independently arrived at in open competition;

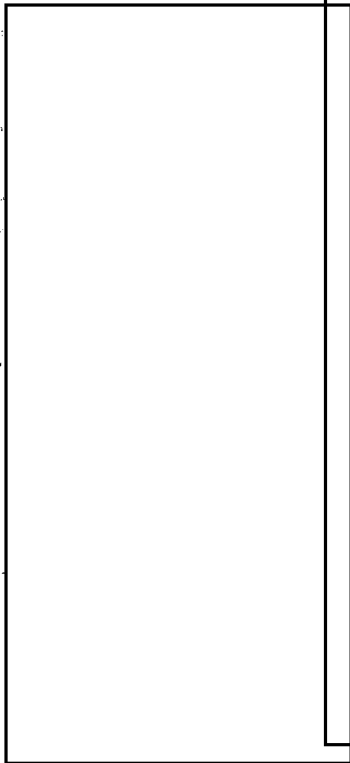
**SECRET**

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

- 62 -

of the United States has been deleted, and the Section has been amended to include those employees who were residents of the United States at the time of employment. By this means we can provide for the return on statutory leave to this country,

25X1



Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

**SECRET**

**SECRET**

- 63 -

Section 5(A)(2)(a). (Page 6, line 5).

This Section provides that the Agency may utilize the services of personnel returned on statutory leave, for periods of temporary duty in the United States, which duty shall not be counted against leave. This will enable the employee to receive additional training or reorientation prior to returning abroad. The statutory provision is necessary for if the period of reorientation or temporary duty should be equal to or longer than the period of leave, the General Accounting Office might conceivably construe the primary purpose of the return as temporary duty rather than leave. Under such a ruling, the transportation of the employee's family would not be authorized. This section serves to prevent any such possibility.

**SECRET**



**SECRET**

- 64 -

Section 5(A)(2)(b). (Page 6, line 9).

This Section provides that the employee's leave of absence shall be exclusive of the time occupied in going to and from the continental United States or the time spent awaiting transportation. This merely takes into consideration the practical problem involved where transportation schedules are disrupted or delayed through no fault of the employee who should not be penalized leave time while awaiting transportation which has been delayed by weather or other causes beyond his control.

~~One change might well be made in this sub-section at page 6, line 14. The words "sailing or flight" should be deleted and the word "transportation" substituted. This would provide for necessary delay in all types of transportation, including rail.~~

**SECRET**

~~SECRET~~  
- 69 -

Not only do these health provisions benefit the employee, but they also benefit the Government by insuring the best treatment for illness and by authorizing the establishment of a sound, preventive health program for employees who may be stationed in areas where infectious disease is endemic or epidemic or posts where climate or conditions impose additional hardships. In many such posts local medical facilities are hopelessly inadequate.

Personnel of CIA are located at stations throughout the world. Many of the stations are located in countries where adequate medical facilities are completely absent. The unsanitary conditions of some areas involved create an additional hazard. Thus the need for authority to transport individuals from their station where facilities are lacking to the nearest point where adequate treatment can be furnished is emphasized by the above conditions.

The importance of obtaining this Section is emphasized

~~SECRET~~

SECRET

- 70 -

by the fact that <sup>in 1948</sup> ~~within the past month~~ the Department of Commerce, in seeking permission to furnish emergency medical services to employees in out of the way places outside the United States without charge and on a non-reimbursable basis, was denied funds for this purpose. The following cases illustrate CIA's need for this authority, which is granted to the Foreign Service.

25X1

25X1

25X1

SECRET

25X1

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

~~SECRET~~

- 72 -

25X1



Those cases requiring hospitalization of short duration should be handled entirely within the Agency due to the security aspects involved in attempting to process a claim to the Bureau of Employees' Compensation. The Bureau of Employees' Compensation, Federal Security Agency, has been entirely cooperative in working with the Central Intelligence Agency in an effort to preserve security.

~~SECRET~~

**SECRET**

- 73 -

In many instances, however, it would not be possible to establish that the illness was compensable under their regulations. Those cases where permanent disability or death is involved will be processed through the Bureau by means of a special arrangement previously established.

It appears that it is the responsibility of the United States Government to give adequate protection to its employees who are placed in areas throughout the world where they are unable to secure adequate treatment and where the risks of disease are great. The expenses involved in getting such an individual to the nearest location where adequate facilities are available, and the treatment at such place, we believe, should be the responsibility of the United States Government.

**SECRET**

SFC. 5 (A) (6)

SECRET

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

- 73 a -

Sec. 5(A)(6). (Page , line ).

This Section is taken from Sec. 911(8) of the Foreign Service Act, 5 U.S.C. 103(a) and (b), and Executive Order No. 8557. It provides for the payment of the cost of preparing and transporting the remains of an officer or employee of the Agency or a member of his family who may die abroad to his home or official station.

This is a new section, the tenor of which had been included in Section 7(a)(1) of former drafts, but which is better included at this point in its expanded version. While its terms are self-explanatory, its inclusion is necessary so that this Agency can bear the cost of returning the bodies of deceased personnel of this Agency or members of their families to their home for interment. It has not been restricted to American citizens, as in the case of the Foreign Service Act, due to the fact that this

25X1

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

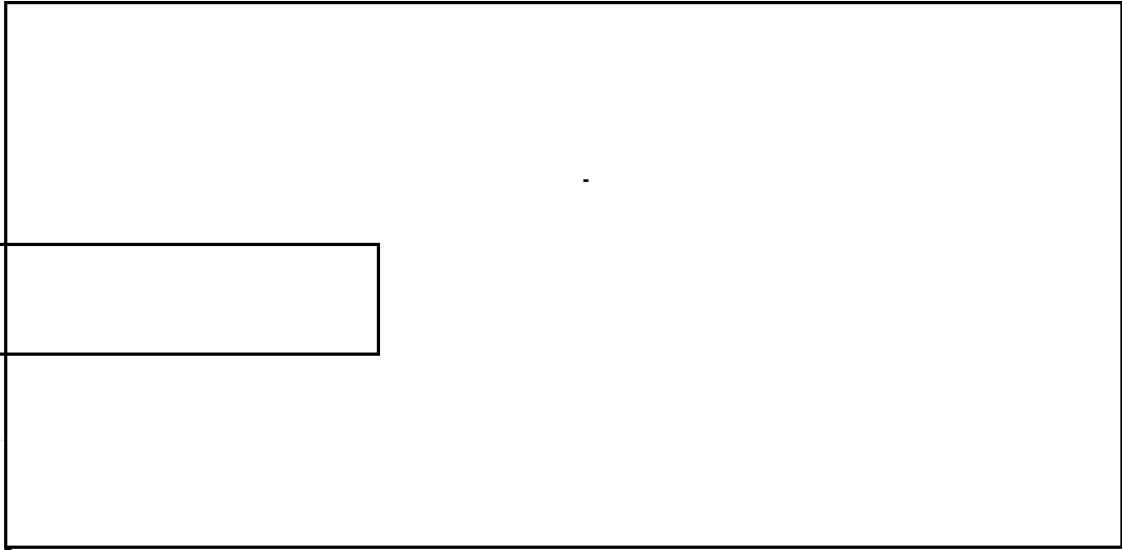
SECRET



**SECRET**

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

- 73 b -



25X1

25X1

25X1

es

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

**SECRET**

SEC. 5 (A) (7)

SECRET

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

Section 5(A)(7). (Page , line ).

This <sup>new</sup> section provides for the payment of the costs of travel of new appointees and their dependents, and the transportation of their household goods and personal effects from their places of actual residence in foreign countries at the time of their appointment abroad to their place of employment and their return after satisfactory completion of such employment. This provision is included to permit the Agency to recruit foreign nationals abroad where American personnel is not available or not qualified

[redacted]  
and only experienced foreign national language experts  
are qualified to perform the required duties. The  
situation is particularly pointed up by the difficulties  
in recruiting specialized personnel [redacted]

25X1

25X1

25X1

[redacted] [redacted] A

similar situation is occurring in connection with our

25X1

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

SECRET

A BILL

To provide for the administration of the Central Intelligence Agency, established pursuant to Section 102, National Security Act of 1947, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

DEFINITIONS

SECTION 1. That when used in this Act, the term

- (a) "Agency" means the Central Intelligence Agency;
- (b) "Director" means the Director of Central Intelligence;
- (c) "Government agency" means any executive department, commission, council, independent establishment, corporation wholly or partly owned by the United States which is an instrumentality of the United States, board, bureau, division, service, office, officer, authority, administration, or other establishment, in the executive branch of the government; and
- (d) "Continental United States" means the States and the District of Columbia.

SEC. 5 (A) (4)

~~SECRET~~

- 65 -

Section 5(A)(4). (Page 6, line 15).

This Section is taken from Section 913 of the Foreign Service Act. It provides for the payment of shipping expenses for private automobiles.

~~In order to clarify the reading of this section, it is suggested that the phrase "the Agency head" be substituted for the word "he" on page 6, line 18.~~

The expense here authorized does not come under the authority to pay for personal belongings and household goods. It is believed justified in a career service, although it is not normally authorized for Government employees. This section recognizes the fact that if you are transporting a career employee abroad together with his household and family, he should also have available to him a private automobile. In the majority of cases an employee without sizable private resources would not, or could not, support this additional expense. As in

~~SECRET~~

**SECRET**

- 66 -

many public and private jobs in the United States, it would greatly facilitate the work of the office or the individual to have a private automobile at his disposal.

The morale factor is also to be considered.

It should be noted that all payments made under the authority of this section will be in the discretion of the Agency head who may refuse to transport an automobile whenever he considers that the interests of the Government would not be advanced by such transportation.

**SECRET**

SEC. 5 (A) (5)



SECRET

- 67 -

Section 5(A)(5). (Page 6, line 22).

This Section is taken from Sections 941, 942(a) and (b), and 943 of the Foreign Service Act. It provides for a health program for CIA employees overseas by permitting the payment of travel expenses to the nearest adequate facilities when local medical facilities are inadequate, for the establishment of a first aid station and the services of a nurse at a post where the number of personnel warrants such a station, payment for cost of treatment of illness or injury incurred in line of duty overseas, and for physical examinations and payment of the cost of administering inoculations or vaccinations.

The provisions of this Section, in establishing adequate health facilities abroad, are a considerable inducement to entry on an intelligence career service. If the authorities provided herein do not exist, individuals would not desire, nor could they be expected to perform, duties

SECRET

SECRET

- 68 -

adequate hospital and other medical facilities are not readily available. These provisions as a whole permit ~~our employees~~ ~~American citizens~~, located abroad, who have been recruited for this specialized type of work, to be given adequate health protection.

The former qualifications in Sections 5(A)(5)(a) and 5(A)(5)(c) that these services be limited to those employees who were citizens of the United States has been eliminated in the interests of the health of the entire post. It is felt that our prestige abroad will be enhanced by giving adequate health protection to both citizens and aliens alike. In many posts the uncared for illness of a native may well start an epidemic among his fellow-workers. Injury or illness in the service of this Country should receive the best treatment, whether the employee be an American citizen or an alien working for this Government.

SECRET

~~SECRET~~

- 68 a -

In the establishment of first-aid stations under Section 5(A)(5)(b), the proviso has been added that a first-aid station can be established where the Director feels that it is not feasible to utilize an existing facility. In many areas abroad existing facilities may be too overburdened or may not be equipped to take care of this Agency's employees.

~~SECRET~~

SEAL OF OFFICE

SECTION 2. The Director of Central Intelligence shall cause a seal of office to be made for the Central Intelligence Agency, of such design as the President shall approve, and judicial notice shall be taken thereof.

PROCUREMENT AUTHORITIES

SECTION 3. (a) In the performance of its functions the Central Intelligence Agency is authorized to exercise the authorities contained in sections 2(c)(1), (2), (3), (4), (5), (6), (10), (12), (15), (17), and sections 3, 4, 5, 6 and 10 of the Armed Services Procurement Act of 1947, (Public Law 413, 80th Congress, 2nd Session).

(b) In the exercise of the authorities granted in sub-section (a) of this section, the term "Agency head" shall mean the Director, the Deputy Director, or the Executive of the Agency.

(c) The determinations and decisions provided in sub-section (a) of this section to be made by the Agency head may be made with respect to individual purchases and contracts or with respect to classes of purchases or contracts, and shall be final. Except as provided in sub-section (d) of this section, the Agency head is authorized to delegate his powers provided in this section, including the making of such determinations and decisions, in his discretion and subject to his direction, to any other officer or officers or officials of the Agency.

(d) The power of the Agency head to make the determinations or decisions specified in paragraphs (12) and (15) of section 2(c) and section 5(a) of the Armed

Services Procurement Act of 1947 shall not be delegable. Each determination or decision required by paragraphs (12) and (15) of section 2(c), by section 4 or by section 5(a) of the Armed Services Procurement Act of 1947, shall be based upon written findings made by the official making such determinations, which findings shall be final and shall be available within the Agency for a period of at least six (6) years following the date of the determination.

Agency or elsewhere, but the time of such work or duties shall not be counted as leave.

- (b) Where an officer or employee on leave returns to the continental United States, leave of absence granted shall be exclusive of the time actually and necessarily occupied in going to and from the continental United States, and such time as may be necessarily occupied in awaiting transportation.

(4) Notwithstanding the provisions of any other law, transport for or on behalf of an officer or employee of the Agency, a privately owned automobile in any case where the Agency head shall determine that water, rail, or air transportation of the automobile is necessary or expedient for any part or of all the distance between points of origin and destination.

- (5)(a) In the event of illness or injury requiring the hospitalization of an officer or employee of the Agency ~~who is a citizen of the United States~~, not the result of vicious habits, intemperance, or misconduct on his part, incurred while on assignment abroad, in a locality where there does not exist a suitable hospital or clinic, pay the travel expenses of such officer or employee by what-

Travel Regulations and section 10 of the Act of March 3, 1933 (47 Stat. 1516; 5 U.S.C. 73b), to the nearest locality where a suitable hospital or clinic exists and on his recovery pay for the travel expenses of his return to his post of duty. If the officer or employee is too ill to travel unattended, the Director may also pay the travel expenses of an attendant;

(b) Establish a first-aid station and provide for the services of a nurse at a post at which, in his opinion, sufficient personnel is employed to warrant such a station;

(c) In the event of illness or injury requiring hospitalization of an officer or employee of the Agency ~~who is a citizen of the United States~~, not the result of vicious habits, intemperance, or misconduct on his part, incurred in the line of duty while such person is assigned abroad, pay for the cost of the treatment of such illness or injury at a suitable hospital or clinic;

(d) Provide for the periodic physical examination of officers and employees of the Agency and for the cost of administering inocula-



(6) "Pay the cost of preparing and transporting the remains of an officer or employee of the Agency or a member of his family who may die while in travel status or abroad, to the home or official station, or to such other place as the Director may determine to be the appropriate place of interment, provided that in no case shall the expense payable be greater than the amount which would have been payable had the destination been the home or official station ~~[/, together with payment for the cost of interment/]~~."

(6) ~~Pay the cost of preparing and transporting to their former homes in the continental United States or to a place not more distant, the remains of an officer or employee of the Agency who is a citizen of the United States and of the members of his family who may die abroad or while in travel status, and the ordinary costs of interment.~~

(7) Pay the costs of travel of new appointees and their dependents, and the transportation of their household goods and personal effects, from places of actual residence in foreign countries at time of appointment to places of employment and return to their actual residences at the time of appointment or a point not more distant; PROVIDED, That such appointees agree in writing to remain with the U. S. Government for a period of not less than 12 months from the time of appointment.

Violation of this agreement for personal convenience of an employee or because of separation for misconduct will bar such return payments and, if determined by the Director or his designee to be in the best interests of the United States, any money expended by the United States on account of such travel and transportation shall be considered as a debt due by the individual concerned to the United States.

(B) In accordance with such regulations as the President may prescribe and notwithstanding the provisions of section 1765 of the Revised Statutes (5 U.S.C. 70), the

Director is authorized to grant to any officer or employee of the Agency ~~who is a citizen of the United States~~ allowances in accordance with the provisions of Section 901(1) and 901(2) of the Foreign Service Act of 1946.

GENERAL AUTHORITIES

SECTION 6. In the performance of its functions, the Central Intelligence Agency is authorized to:

(a) Transfer to and receive from other government agencies such sums as may be approved by the Bureau of the Budget, for the performance of any of the functions or activities authorized under Sections 102 and 303 of the National Security Act of 1947 (Public Law 253, 80th Congress), and any other government agency is authorized to transfer to or receive from the Agency such sums without regard to any provisions of law limiting or prohibiting transfers between appropriations.

Sums transferred to the Agency in accordance with this paragraph may be expended for the purposes and under the authority of this Act without regard to limitations of appropriations from which transferred;

(b) Exchange funds without regard to Section 3651 Revised Statutes (31 U.S.C. 543);

(c) Reimburse other government agencies for services of personnel assigned to the Agency, and such other government agencies are hereby authorized, without regard to provisions of law to the contrary, so to assign or detail any officer or employee for duty with the Agency;

(d) Authorize couriers designated by the Director to carry firearms when engaged in transportation of confidential documents and materials affecting the national defense and security;

(g) Make alterations, improvements and repairs on premises rented by the Agency and pay rent therefor without regard to limitations on expenditures contained in the Act of June 30, 1932, as amended: Provided, That in each case the Director shall certify that exception from such limitations is necessary to the successful performance of the Agency's functions or to the security of its activities;

(f) In the interests of the security of the foreign intelligence activities of the United States and in order further to implement the proviso of Section 102(d) (3) of the National Security Act of 1947 (Public Law 253, 80th Congress, 1st Session) that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure, the Agency shall be exempted from the provisions of Sections 1 and 2, c. 795 of the Act of 28 August 1935, 49 Stat. 956, 957, 5 U.S.C. 654, and the provisions of any other law which require the publication or disclosure of the organization, functions, names, official titles, salaries, or numbers of personnel employed by the Agency;

PROVIDED, That in furtherance of this section, the Director of the Bureau of the Budget shall make no reports to the Congress in connection with the Agency under Section 607, Title VI, c. 212 of the Act of 30 June 1945, as amended, 5 U.S.C. 947 (b);

6(g). Whenever the Director and the Attorney General shall determine that the entry of a particular alien into the United States for permanent residence is in the interest of national security or essential to the furtherance of the national intelligence mission, such alien and his immediate family shall be given entry into the United States for permanent residence without regard to their inadmissibility under the immigration or any other laws and regulations, or to the failure to comply with such laws and regulations; PROVIDED, That the number of aliens and their immediate families entering the United States under the authority of this Section shall in no case exceed one hundred in any one calendar year.

members of

(g) Whenever the Director and the Attorney General shall determine that the entry of an alien into the United States for permanent residence is in the interest of national security or essential to the furtherance of the national intelligence mission, an appropriate consular officer shall issue to such alien and his immediate family non-quota immigration visas as provided for in the Act of May 26, 1924, 43 Stat. 153, as amended, but without regard to the inadmissibility of such aliens to the United States under the immigration laws, or to the failure of the application to comply with such laws; and upon issuance of visas under the provisions of this section, the aliens to whom issued will not be denied entry to the United States because of inadmissibility or ineligibility under any provisions of law governing entry of aliens into the United States; PROVIDED, That the number of visas issued to aliens and their immediate families under the authority of this Section shall in no case exceed one hundred in any one calendar year.

(h) The Director is authorized, ~~without regard to the provisions of the Classification Act of 1923, as amended,~~ to establish and fix the compensation for not more than three positions in the professional and scientific <sup>field</sup> service, within the Agency, each such position being established to effectuate those scientific intelligence <sup>security</sup> functions relating to national intelligence, which require the services of specially qualified scientific or

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

professional personnel; PROVIDED, That the rates of compensation for positions established pursuant to the provisions of this Section shall not be less than \$10,330 per annum nor more than \$15,000 per annum, and shall be subject to the approval of the Civil Service Commission.



APPROPRIATIONS

SECTION 7. (a) Notwithstanding any other provisions of law, sums made available to the Agency by appropriation or otherwise may be expended for purposes necessary to carry out its functions, including:

(1) personal services, including personal services without regard to limitations on types of persons to be employed, and rent at the seat of government and elsewhere; ~~penalty mail~~; health-service program as authorized by law (5 U.S.C. 150); rental of news-reporting services; purchase or rental and operation of photographic, reproduction, cryptographic, duplication and printing machines, equipment and devices, and radio-receiving and radio-sending equipment and devices, including telegraph and teletype equipment; purchase, maintenance, operation, repair, and hire of passenger motor vehicles (~~including purchase and replacement of one such vehicle at not to exceed \$3,000~~), and aircraft, and vessels of all kinds; subject to policies established by the Director, transportation of officers and employees of the Agency in Government-owned automotive equipment between their domiciles and places of employment, where such personnel are engaged in ~~field~~ work which makes such transportation necessary, and transportation in

~~Outside~~ the Continental United States

such equipment, to and from school, of children of Agency personnel who have quarters for themselves and their families at isolated stations where adequate public or private transportation is not available; printing and binding; purchase, maintenance, and cleaning of firearms, including purchase, storage, and maintenance of ammunition; subject to policies established by the Director, expenses of travel in connection with, and expenses incident to attendance at meetings of professional, technical, scientific, and other similar organizations when such attendance would be of benefit in the conduct of the work of the Agency; association and library dues; payment of premiums or costs of surety bonds for officers or employees without regard to the provisions of 61 Stat. 646, 6 U.S.C. 14; payment of claims pursuant to section <sup>2672 of Title 28, United States Code</sup> ~~403 of the Federal Tort Claims Act of 1946 (60 Stat. 843; 28 U.S.C. 921)~~; acquisition of necessary land and the clearing of such land; construction of buildings and facilities without regard to 36 Stat. 699, 40 U.S.C. 259, 267; repair, rental, operation, and maintenance of buildings, utilities, facilities, and appurtenances.

(2) supplies, equipment, and personal and contractual services otherwise authorized by law and regulations, when approved by the Director.

(b) The sums made available to the Agency may be expended without regard to the provisions of law and regulations relating to the expenditure of Government funds; and for objects of a confidential, extraordinary or emergency nature, such expenditures to be accounted for solely on the certificate of the Director and every such certificate shall be deemed a sufficient voucher for the amount therein certified.

SEPARABILITY OF PROVISIONS

SECTION 8. If any provision of this Act, or the application of such provision to any person or circumstances, is held invalid, the remainder of this Act or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SHORT TITLE

SECTION 9. This Act may be cited as "The Central Intelligence Agency Act of 1949".

This bill for the administration of the Central Intelligence Agency, with a few additions, is the identical bill as unanimously reported out of the Committee last spring as S. 2688. The bill was brought up on the floor of the Senate on the last night of the June session and was passed by the Senate. However, time did not permit of its being called up in the House, and therefore the legislation lapsed.

The bill was reintroduced into both Houses this year as S. 961 by Senator Tydings, and H.R. 2663 by Congressman Sasscer of Maryland. It was unanimously reported out of the House Armed Services Sub-Committee headed by Mr. Durham, and unanimously approved by the House Armed Services Committee on 24 February. The bill was brought up in the House on Monday under suspension

of the rules, and was passed by a vote of 248 to 4.

The only substantive opposition to the bill was voiced by Representative Marcantonio of New York.

I would like to stress at this point that the CIA's functions were set forth in Section 102 of the National Security Act of 1947. There has been no change in these functions, and this proposed bill does not change our functions or add to them in any way. I would also like to repeat that the Agency has no internal security functions whatsoever, and that we deal solely in the field of foreign intelligence.

With your permission, Mr. Chairman, I would like to go over the silent provisions of this bill very quickly and indicate in particular the one major change involving the admission of one hundred aliens a year, and answer any questions which may arise as we pursue it section by section.

Section 1. DEFINITIONS. The definitions included in this proposed legislation are for the purpose of clarifying the meaning of certain terms in the succeeding sections. These are standard definitions in common use in many public laws already on the books.



Section 2. SEAL OF OFFICE. The basic need is two-fold. Some members of the Agency, particularly in Contact Branch and possibly I&S, have been embarrassed in their contacts by the lack of proper credentials. For some reason, even a signed letter from the Director is not considered acceptable. Contacts usually look for credentials which have a seal on them. In order to avoid further embarrassment in this connection, the seal is desired.

It is necessary to produce CIA records in court under certain conditions. The law provides that copies of documents properly authenticated under seal will be accepted without question in court. The absence of a properly authenticated seal on these copies means that the original documents must be produced. Examples of court actions in which our personnel have had to appear to identify material are the treason trials

25X1

**SECRET**

- 73 d -

25X1  It is impossible to recruit this type of personnel from countries outside the immediate place of operation without providing for these payments as a part of the consideration of employment. Experiences to date have highlighted the need for this authority.

As a safeguard for the Agency's expenses in this connection, these employees must agree in writing to remain with the Government for a period of not less than 12 months from the time of appointment. Violation of this agreement will bar the return payments and, in the discretion of the Director, any original monies paid by the Government for these expenses shall be considered as a debt owing by the individual to the United States.

**SECRET**

SEC. 5 ( B )

**SECRET**

- 74 -

Section 5(B). (Page 8, line 1).

This Section is in accordance with Sections 901(1) and 901(2) of the Foreign Service Act of 1946. It provides for allowances similar to those given to Foreign Service officers and employees, including living quarters allowance, cost-of-living allowances, extraordinary expenses and others. These allowances are controlled by regulations prescribed by the President. Exception is sought from 5 U.S.C. 70, which prohibits allowances of this type unless authorized by law. It provides for allowances similar to those given to Foreign Service officers and employees but omits benefits given to the Foreign Service which are not thought applicable to CIA. One of those omitted provides for loan of furniture and household equipment owned by the Government under certain conditions, and another omitted provides for representation allowances to enable certain officers to maintain a

**SECRET**

~~SECRET~~  
- 75 -

standard of living necessary to support the prestige of the United States.

The allowances provided for in (B) are, first, living and quarters allowances for temporary periods, pending establishment of permanent residence overseas. This again recognizes world-wide housing difficulties and permits the Agency to keep such employees and their families on travel status until they are established, rather than have them dependent on the normal cost-of-living allowances for the post concerned. The second provides for cost-of-living allowances where expenses at a post are so high as to impair the morale and efficiency of the employees and, in some cases, to make life impossible on base salary alone. There are at present several posts where the recurrent basic expenses exceed, at least in the lower grades, salary of the employee, plus normal allowances established by

~~SECRET~~

SECRET

- 76 -

law and regulation. Together with these general cost-of-living allowances, there is provision for extraordinary and necessary expenses not otherwise compensated for, which expenses are frequently met in unsettled periods or in localities where local law or custom impose burdens upon newly arrived individuals. Provision is also made for the establishment of separation allowances, where conditions require wife and minor children of an employee to live in a country other than that to which he is assigned. This burden of supporting two establishments is incident to performance of official duty and not due to any fault or act of the employee. It should be noted that these allowances in Section 5(B) are subject to regulations set by the President. It is felt that it would be appropriate to have those regulations which the President has prescribed for the State Department extended to include CIA.

SECRET

**SECRET**

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

- 76 a -

The prior provision to restrict this Section to citizens of the United States has been amended so that the Section is applicable to all officers and employees of the Agency. This will permit the payment of such allowances to aliens where appropriate.

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

**SECRET**

Section 7 further strengthens the provisions of the National Security Act of 1947, which makes the Director of Central Intelligence responsible for the protection of intelligence sources and methods from unauthorized disclosure. In particular, it exempts the Agency from publishing each year in the Official Register of the United States a full and complete list of all persons occupying administrative and supervisory positions, as well as their official titles, salaries, and other data. This Section also exempts the Bureau of the Budget from furnishing to the Congress for publication the CIA quarterly personnel figures, although we do report them to the Bureau which sets our quarterly personnel ceilings. The appropriate Congressional committees have eliminated our figures from their reporting by agreement with us. It should be stressed that it is not the reporting of the figures to responsible Congressional committees which is objectionable, but their publication to the world.

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1



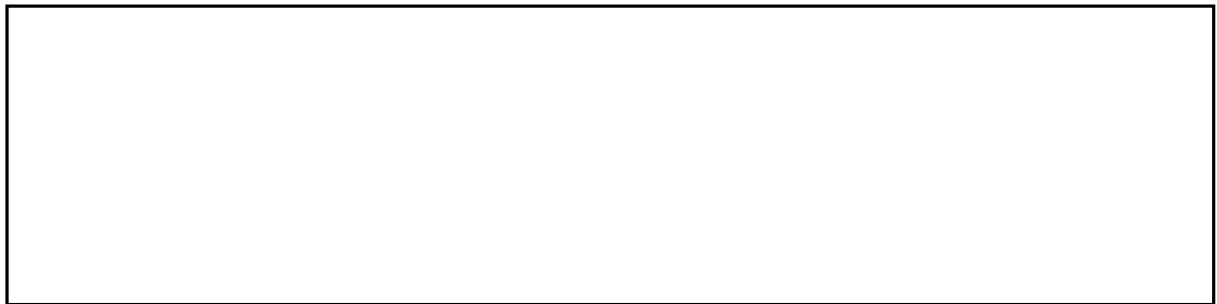
GENERAL AUTHORITIES

Section 6(a). Because of the nature of CIA activities, no publication of the Agency budget is made. Its sums are hidden in various Governmental appropriations, subject in general to the limitations of those appropriations.

After the Appropriations Committees have acted, the CIA budget is pulled back together into a working fund. Therefore, we must have authority which will permit us to transfer the funds from original appropriations into our working funds. Furthermore, we must be free of the limitations often placed upon these appropriations in the appropriations language of the departments in which our budget is included. We must also have authorization to transfer funds to other departments whose activities we support [REDACTED]

25X1

[REDACTED] Specific authority for this is needed.



authority is necessary because of the law which requires no exchange of funds to be made by any disbursing officer or agent of the Government, other than in exchange for gold, silver, United States Notes, and National Bank Notes. The penalties run to the suspension and removal of the disbursing officer violating this section of the law.

Section 6(c) gives us the authority to reimburse other Government agencies for their personnel on duty here, and allows them to assign personnel to CIA.

Section 6(d) is necessary, and is similar to provisions granted the FBI and the Bureau of Prisons. It is basically to get away from state statutes such as

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1  
the Sullivan Act in New York, which prohibits the carrying of concealed weapons.

The House Committee has amended this Section to allow us to arm "couriers and guards", for sometimes we arm the man carrying the papers, and sometimes we prefer to arm the man with him.

Section 6(e). This Section is necessary because of the limitations of the Economy Act of 1932, which permit no more than 25% of the first year's rental for leased property to be spent on permanent improvements, and further limits the yearly rental to 15% of the fair market value. Because of the necessity of security, we must occasionally pay more than 25% for the improvement of leased property, and the 15% rental limitation has affected some of the sites we could obtain, notably



SEC. 6 (A)

25X1

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

Next 1 Page(s) In Document Exempt

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

SECRET

- 79 -

[REDACTED]

25X1

[REDACTED] at the same time has long concentrated on the techniques and special operations to ascertain the funds available to other secret intelligence services.

The only satisfactory substitute for a truly secret appropriation that has so far been suggested is to earmark, 25X1

[REDACTED]

SECRET

SECRET

- 80 -

by authorities given to CIA. Also, in conducting certain of its activities, CIA uses the facilities or personnel of other agencies. Reimbursement or payment in advance for such departmental cover is difficult to perform securely under present regulations.

It is felt that the proposed Section will eliminate the above-mentioned difficulties, while retaining sufficient control in the Director of the Bureau of the Budget to prevent abuse or improper supplementation of appropriations.

In particular, it would greatly facilitate <sup>both the</sup> controls exercised by the budget and fiscal officers of CIA over disbursements and the audit by GAO of disbursements of vouchered funds, as it would divorce the funds spent by the Agency from their original appropriation acts and allow reference only to expenditure authorities contained in this act and the National Security Act of 1947.

Satisfactory arrangements have been made with the

SECRET

~~SECRET~~

- 81 -

General Accounting Office, Bureau of the Budget and the Treasury Department to provide for special processing of funds transferred and reimbursements for special transactions in coordination with other Government agencies. The authorities granted in Section 6(a) would provide the necessary authorization for the agencies concerned to effect these transfers or reimbursements without possible conflict with normal Government rules and regulations.

25X1



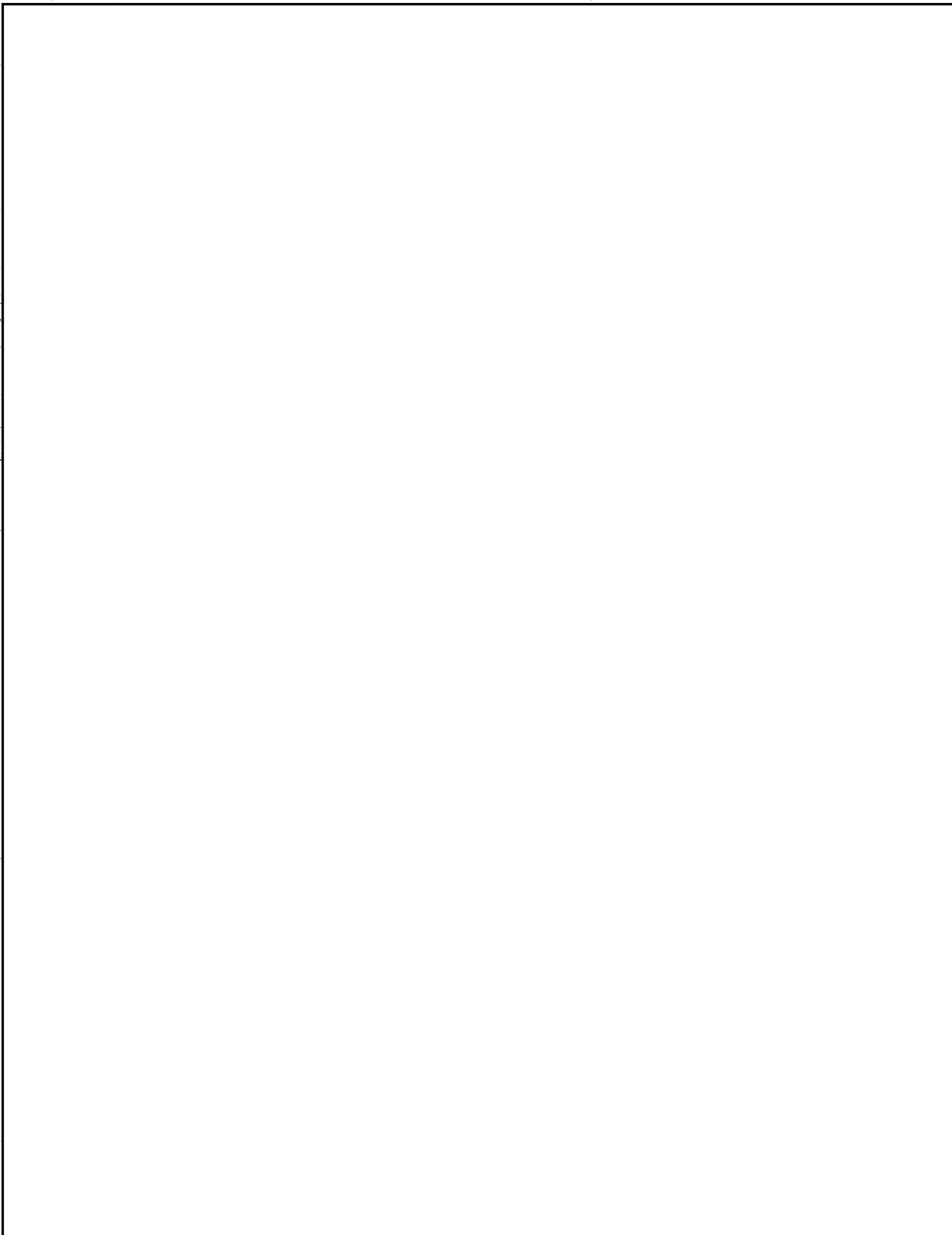
~~SECRET~~



**SECRET**

- 82 -

25X1



**SECRET**

**SECRET**

- 83 -

over and operates certain sites for us in the interests of security.

As indicated above, this method of financing has the approval of the Comptroller General of the United States, who, in a letter dated 12 March 1948 to the Director of the Bureau of the Budget, stated that "the purposes sought to be obtained by the establishment of the Central Intelligence Agency are believed to be of such paramount importance as to justify the extraordinary measures" proposed in Section 6 of this bill.

**SECRET**

SEC. 6 (B)

SECRET

- 84 -

Section 6(b). (Page 8, line 24).

This Section provides for an exemption to the provision of law (Section 3651 Revised Statutes) that no exchange of funds shall be made by any disbursing officer or agent of the Government other than an exchange for gold, silver, United States Notes and National Bank Notes. That law further provides for the suspension and removal from office of any disbursing officer or agent who violates it. It is necessary to have the authorities granted in this Section in order to provide appropriately designated

25X1

SECRET

25X1

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

Next 1 Page(s) In Document Exempt

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

**SECRET**

- 87 -

These functions cannot be performed under the restrictive provisions of Section 3651 of the Revised Statutes and therefore the general authority of Section 6(b) is requested.

**SECRET**

SEC, 6 ( c )

**SECRET**

- 88 -

Section 6(c). (Page 9, line 1).

This Section authorizes other Government agencies to assign or detail any of their personnel to CIA and further authorizes CIA to reimburse for such services.

In the performance of its functions, CIA has close relations with many other departments and agencies of the Government. There is often need for experienced personnel of other agencies to work directly with CIA in their specialist fields. Occasionally there is an urgent need for a highly qualified technician in any one of a number of fields to perform a mission under CIA direction. The simplest method to achieve this direction is by assignment of such personnel to CIA. Previous intelligence organizations have from time to time experienced difficulty in effecting such assignments or in reimbursing other departments where required.

25X1

**SECRET**



**SECRET**

- 89 -

25X1

[REDACTED]

of the greatest secrecy to be carried out under OSS direction. The GPO was most cooperative and made the individual available. It was not until he had been working for some period of time that statutory restrictions on assignment of GPO personnel were discovered. It was most difficult to unravel the technicalities of this particular case and similar problems have arisen in reimbursing other Government agencies.

While under normal provisions of law CIA now has the authority to reimburse other Government agencies for services and personnel, nevertheless, certain exceptions could arise such as t [REDACTED] cited above, which could place limitations on the Agency's utilization of other Government personnel. ~~and~~ This Section is designed to give such special authorities and eliminate the possibility of ~~possible~~ impairment of an operation at the crucial time.

**SECRET**

SEC. 6 (D)

SECRET

- 90 -

Section 6(d). (Page 9, line 7).

This Section authorizes official CIA couriers to carry firearms when engaged in the transportation of documents and materials which vitally affect the national defense and security.

A Federal statute is needed so that CIA couriers will not be subject to arrest in jurisdictions having local laws prohibiting the carrying of firearms. (For example, the Sullivan Law in New York prohibits the carrying of concealed weapons). Several instances have arisen where members of this Agency have been ordered on trips carrying Top Secret material, the loss of which would seriously impair the national security. We have been unable to allow them to carry firearms because of the absence of this statutory authority.

The Armed Services do not operate under these limitations, as they are able to send officer couriers

~~SECRET~~  
- 91 -

who are authorized to carry arms. This Agency does not have the military personnel to allow the utilization of officers for this purpose.

Precedent for this Section is seen in previous statutes such as 5 U.S.C.A. 300a, which authorizes and empowers members of the FBI to carry firearms, and 18 U.S.C.A. 753k, which authorizes and empowers officers and employees of the Bureau of Prisons to carry firearms under such rules and regulations as the Attorney General may prescribe.

~~SECRET~~

SEC. 6 (E)

~~SECRET~~

- 92 -

Section 6(e). (Page 9, line 11).

This Section seeks exemptions from those provisions of the Economy Act of June 30, 1932 which permit no more than 25% of the first year's rental for leased property to be spent on permanent improvements and a further limitation of 15% of the fair market value as the <sup>yearly</sup> rental which may be paid.

The 15% and 25% figures permitted, while normally helpful as exceptions to the general rule that appropriated funds may not be used for improvement of privately owned property, in many cases do not satisfy the peculiar needs of certain installations of this Agency.

Section 278(a) of Title 40, U. S. Code, permits no more than 25% of the first year's rental for leased property to be spent on permanent improvements. This limitation has, in the past, so limited CIA on improvements to leased facilities as to qualify the security of

~~SECRET~~

SECRET

- 93 -

some installations. While certain alterations or special equipment, ~~as~~ necessary for special uses, may fall within exemptions to the limitations, others are questionable and have from time to time forced the use of temporary and inefficient substitutes. An exemption is, therefore, asked in cases where the Director will certify that the exemption is necessary to successful performance of the Agency's functions, or to the security of its activities.

With very rare exceptions, every installation of CIA must be surrounded by precautions adequate to afford

25X1

tion. It is also frequently necessary to make alterations for installation of special equipment, or to facilitate

SECRET

~~SECRET~~  
- 94 -

25X1



premises. The premises, as leased, did not afford adequate space for administration or the proper storage and protection of valuable communications equipment and records. In order to remedy this condition, CIA was required to procure and erect houses from the War Assets Administration, which houses were considered to be of a temporary nature. Inasmuch as the  is designed for extended use, and one which has involved a considerable amount of expense, the type of structure added to the premises is not the most desirable, and considerable expense is required in conditioning the premises for the purposes intended. The ordinary rule is that if the structure remains the property of the Government and may be removed from the premises upon the expiration of the lease, it may be excepted from the



~~SECRET~~

- 95 -

25% limitation of the Economy Act. However, the question is one of fact and, therefore, does not always provide an adequate standard for administrative determinations involving substantial sums of money. Such structures as portable pre-fabricated buildings are not adaptable to the monitoring activities of CIA and their use would seriously impair its functions.



25X1

In seeking to obtain suitable space for a reproduction plant, this agency was, at one time, considering the



25X1

~~SECRET~~

- 96 -

Under the 25% limitation of the Economy Act, this agency was required to consider other less desirable alternatives.



25X1

It is a security requirement of this agency that all regional activities be equipped with vaults. Inasmuch as the amount of space occupied in regional offices is small compared to the amount of money which must be expended to secure these regional activities, there is frequent difficulty in arriving at a suitable vault installation due to the fact that the equipment is not readily removable without destroying its usefulness or damaging the property. In these cases, the 25% limitation is reached at a very early period.

The same Section of Title 40, U. S. Code, contains a limitation on the amount of rental which may be paid by an agency. This limitation is stated as a maximum of

~~SECRET~~

25X1

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

SECRET

- 98 -

East, despite the huge distances involved.

Locations in particular areas within limited spheres of activity are often desired and in order to obtain proper space and place it in condition for use a waiver from the requirement of the Act of June 30, 1932 is necessary.



25X1

but because of the 15% limitation space elsewhere at a much less desirable location had to be secured.

SECRET

SEC 7

**SECRET**

- 99 -

Section ~~6(f)~~<sup>7</sup>. (Page 9, line 19).

Exemption is sought from provisions of law (5 U.S.C. 654) which require the publication each year in the Official Register of the United States, or similar publications, of full and complete lists of all persons occupying administrative and supervisory positions in CIA, as well as their official titles, salaries and other data.

Under Section 102(d)(3) of the National Security Act of 1947 the Director of Central Intelligence is responsible for protecting intelligence sources and methods from unauthorized disclosure. It is an established fact that if it were possible to know the number of personnel or the size of the budget of an intelligence organization it would be relatively simple to ascertain its functions and the scope of its operations, particularly as the Official Register does give job titles. Therefore, for essential reasons of security, the Agency should be

**SECRET**

SECRET

- 100 -

free of any legal requirement to publish this data in the Official Register of the United States or similar publications.

Similarly, exemption is sought from that section of the law (5 U.S.C. 947b) which provides that the Director of the Bureau of the Budget shall report quarterly to the Congress the Agency's personnel ceilings for the quarter. This report is also required to show the net increase or decrease in Agency personnel for the period. This proposal does not in any way alter the requirement that the Director of the Bureau of the Budget fix quarterly ceilings for CIA, but merely relieves him of the requirement to report this figure to the Congress, which report would result in the publication of such figure to the detriment of the security of the United States, as indicated above.

SECRET

SFC 8



- 100 a -

Section <sup>8</sup>~~5(g)~~ (Page , line ).

This Section authorizes the entry into the United States for permanent residence of one hundred aliens a year without regard to their inadmissibility under the immigration or any other laws and regulations. The purpose of this Section is to further the defector program at the highest level. Under this Section the aliens to be admitted to this country shall be determined by the Director of Central Intelligence and the Attorney General, and the criterion will be the furtherance of the national intelligence mission. When it has been determined that the entry for permanent residence of an alien will be in the interests of the national intelligence mission, such alien will be given entry, together with his immediate family. The total number of such aliens admitted, including the members of their immediate family, shall not exceed one hundred persons in any one calendar year.

SECRET

**SECRET**

Approved For Release 2009/02/27 : CIA-RDP90-00610R000100230001-1

- 100 b -

It is clearly understood from this Section that the only laws and regulations being waived are those which would normally preclude the admission of the people we are seeking. The statutes waived are basically those involving the qualifications of a person for admission, the technical visa requirements, as well as the regulations covering the procedural steps for such entry. While it was originally contemplated that the State Department consular officials should issue the requisite visas, the State Department has now concurred in waiving this right in view of the fact that they would have no discretion in the selection of the personnel to be admitted. However, since the primary control on admission, as well as subsequent control in this country, lies with the Commissioner of Immigration and Naturalization within the Department of Justice, the Attorney General requested that he be included

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

**SECRET**

**SECRET**

- 100 c -

in the necessary determination, and for this reason he has been written into the Section.

There is no intent to waive provisions of law regarding the conduct of the alien once admitted, and he shall be subject to all applicable statutes, including deportation for cause, once entry has been accomplished.

It should also be emphasized that the defectors who are sought under this program are of the very highest level of intelligence interest. These visas are not to be used for normal entry cases, but solely where the exploitation of an individual is of the greatest benefit to the United States, and where the need for secrecy and speed of exit is required.

**SECRET**

SFC 9

**SECRET**

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

- 100 d -

Section <sup>9</sup>~~5(n)~~ (Page , line ).

This Section authorizes the establishment of 3 positions in the Agency in order to effectuate the scientific intelligence functions of the Agency. The Section authorizes the fixing of compensation for these 3 positions at not less than the present statutory ceiling of \$10,330 per annum and not more than \$15,000 per annum. These 3 positions are to be used solely for scientists. It is impossible to secure top scientists of the caliber necessary at current classification act ceiling.

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

**SECRET**

SEC ID

25X1

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

**SECRET**

- 102 -

the limitations of specific appropriations and the actual obligation and expenditure of funds. This Section, read together with Section 6(a), would clearly establish that, no matter how funds are made available to the Agency, they lose their identity as part of the original appropriation and are no longer bound by the limitations of the Section in which originally contained. They may, therefore, be expended by CIA under the provisions of Section 7(a) and also under certain other specific authorizations contained in previous sections of this proposed legislation.

**SECRET**



SEC. 10 ( A )

SECRET

- 103 -

Section <sup>10</sup>~~7~~(a)(1). (Page 10, line 18).

The majority of the provisions of this sub-section pertain to activities necessary to the normal administration of CIA, but for which money cannot be expended without specific appropriation authorization. Hence, personal services includes employment of aliens which has for a period of years been permitted only on a very limited basis by specific authority contained in various appropriation acts.

Many of the provisions of this sub-section are routine and self-explanatory, such as rent, ~~the return~~ ~~and interment of employees who die abroad in the performance~~ ~~of their official duties, penalty mail,~~ payment of claims under the Federal Tort Claims Act and the maintenance of buildings and facilities. Allowance is made for a health service program as authorized by 5 U.S.C. 150, which provides that such a program may be established within the

SECRET

SECRET

- 104 -

limits of appropriations after consultation with the Public Health Service and limited to treatments of on-the-job illness and dental conditions requiring emergency attention, pre-employment and other examinations, referral of employees to private physicians and dentists, and preventive programs relating to health. The authority for the payment for rental of news reporting services, both here and abroad, is necessary. As stated earlier, the Agency

25X1

Another purpose for which funds may be appropriated is travel and expenses incident to attendance at professional, technical and scientific meetings where such attendance would be of benefit to the work of the Agency. In this connection it should be noted that such travel shall be subject to policies established by the Director in order to assure that the attendance at such meetings

SECRET

will be beneficial to the Agency and not be in the nature of a vacation or junket at the Agency's expense.

Appropriations for association and library dues is desired particularly in connection with the Agency's Reference Center. It has been found that many valuable books and periodicals which are in the nature of necessary tools in our work are published by organizations who make such publications available only to their membership. Often these publications are available in this manner at so considerable a discount that the membership fee in the organization is recovered by the saving in the purchase of one publication. Examples of typical organizations in which membership might be helpful are the American

25X1

SECRET

- 106 -

information to be obtained ranges from production of raw materials through political analysis, scientific research in foreign areas, new methods and techniques for handling, cataloguing and otherwise processing documentary information, etc. The type of information to be obtained through these memberships will be directly related to the needs of operational and research staffs in the Agency.

Other provisions of this sub-section are particularly essential to CIA activities such as all sorts of communications equipment, transportation items and reproduction equipment.

Security requires the Agency to do a certain amount of its own printing and binding. The security which requires arming of couriers under Section 6(d) of this Act also requires authority to purchase, <sup>and store</sup> ~~and~~ maintain <sup>firearms</sup> ~~and~~ <sup>ammunition</sup> in this appropriation sub-section.

SECRET

**SECRET**

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

- 106 a -

We have eliminated from the previous draft of this Section the provision for ~~the~~ preparing and transporting the remains of employees who die abroad as this is now specifically spelled out in Section 5(A)(6).

Likewise, the authorization for appropriations for penalty mail (franked envelopes) has been deleted as a new law no longer requires reimbursement to the Post Office Department for penalty mail.

It should be noted that specific authority is included for appropriation for passenger motor vehicles. This is necessary in view of the statutory prohibition against the purchase of passenger motor vehicles contained in Public Law 600 of the 79th Congress, which therefore requires specific appropriation authorization for their purchase. This prohibition runs only to passenger motor vehicles and not to non-passenger motor transport.

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

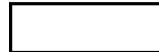
**SECRET**

**SECRET**

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

- 106 b -

A new provision is included to authorize the use of Government-owned automotive equipment for the transportation of officers and employees of the Agency between their home and their places of employment where the work makes such transportation necessary. In many stations,



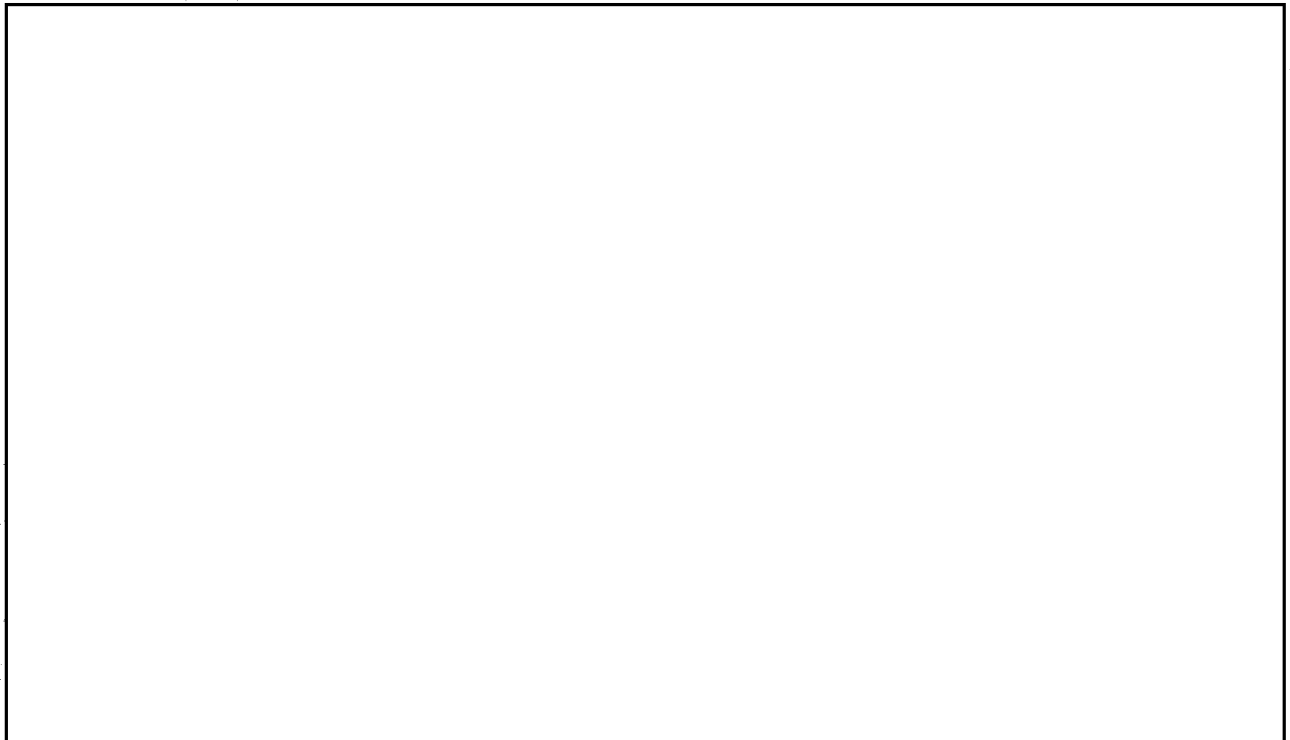
Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

**SECRET**

SECRET

- 106 c -

25X1



*(for the above reasons)*

/ authority to use Government transportation at stations

outside the continental United States for the transportation  
to and from school of children of Agency personnel.

We are requesting authority to pay the costs of  
surety bonds for our employees without regard to the  
provisions of 6 U.S.C. 14, which provides that the United  
States shall not pay any part of such fees required by law  
or otherwise, of any officer or employee of the United  
States. Due to the activities of the Agency, we are

SECRET



SECRET

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

required to have a certain number of agent cashiers (at

25X1  who are bonded at a much higher rate

and for much larger sums than the normal \$5 and \$10 bond

which is customary among Government personnel. The bonds

for these agent cashiers cost almost \$300 a year in each

case, which they must <sup>now</sup> pay out of their own pockets. While

there is presently before the Congress a general bill to

allow the payment of premiums of surety bonds for Govern-

ment employees, there is no assurance that this legislation

will pass, and we seek relief for the extremely heavy

bonding cost of our agent cashiers in particular.

We are requesting authority for the acquisition of land and construction of buildings and facilities without regard to certain limitations of law. These limitations require specific appropriation for the acquisition of land, and as there is no annual appropriation for the Agency, it is thought necessary to include this provision to cover future contingencies which might arise.

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

SECRET

~~SECRET~~

- 106 e -

Section 7(a)(2). (Page , line ).

A new Section 7(a)(2) is added to provide for expenditure for supplies, equipment and personnel, and contractual services which may be authorized by any statute which sets forth the functions of or is applicable to this Agency. This will permit expenditure of appropriated funds for the functions set forth in Section 102 of the National Security Act of 1947, the administrative expenditures incurred under the provisions of this proposed legislation, and such statutes as are generally applicable to CIA.

~~SECRET~~

Sec. 10 (B)

SECRET

- 107 -

Section <sup>10</sup>~~7~~(b). (Page 11, line 21).

This Section enables the Agency, ~~with the approval~~  
~~of the Bureau of the Budget~~, to expend certain sums with-  
out regard to provisions of law and Government regulations  
relating to expenditures and to expend certain portions of  
<sup>its</sup>~~their~~ funds solely on the certificate of the Director for  
objects of a confidential, extraordinary or emergency  
nature.

In practice, it is felt that the Agency would draw  
up its overall budget, and the Director, with the advice  
of his staff, would determine what proportion could be ex-  
pended as normal vouchered funds under authorities contained  
in the foregoing sections. The remainder of the funds re-  
quired would then be available for expenditure under Sec-  
tion 7(b). Within this <sup>latter</sup> amount, the Director would determine  
that a certain proportion would be for confidential purposes,  
which would be accounted for solely on his certificate.

SECRET

SECRET

- 108 -

These confidential funds would be available for expenditure for all purposes necessary in the conduct of confidential activities of the Agency, subject to regulations prescribed by the Director. These regulations will be based, in general, on the foregoing authorities. The proportions ascertained by the Director would have to be approved by the National Security Council before submission to the Bureau of the Budget and Congress.

There is a definite need for the utilization of funds without regard to the provisions of laws and regulations relating to the expenditure of Government funds, although normal Government procedures insofar as accounting requirements are concerned can be followed. In these cases, security is not of primary importance.

In the conduct of our activities it is impossible to determine from time to time, or in advance, when a situation

SECRET

SECRET

- 109 -

will arise where the exercise of such powers in the expenditure of Government funds may be required. In many instances the need for conforming with local customs in foreign countries, including the making of advance payments, will require the use of this authority. The numerous restrictive statutes which are applicable often handicap what should be considered as the normal intelligence operations of CIA. ~~Situations may, as heretofore, arise where, in order to recruit specially qualified personnel for intelligence activities, it will be necessary to pay travel expenses of a limited number of new employees.~~

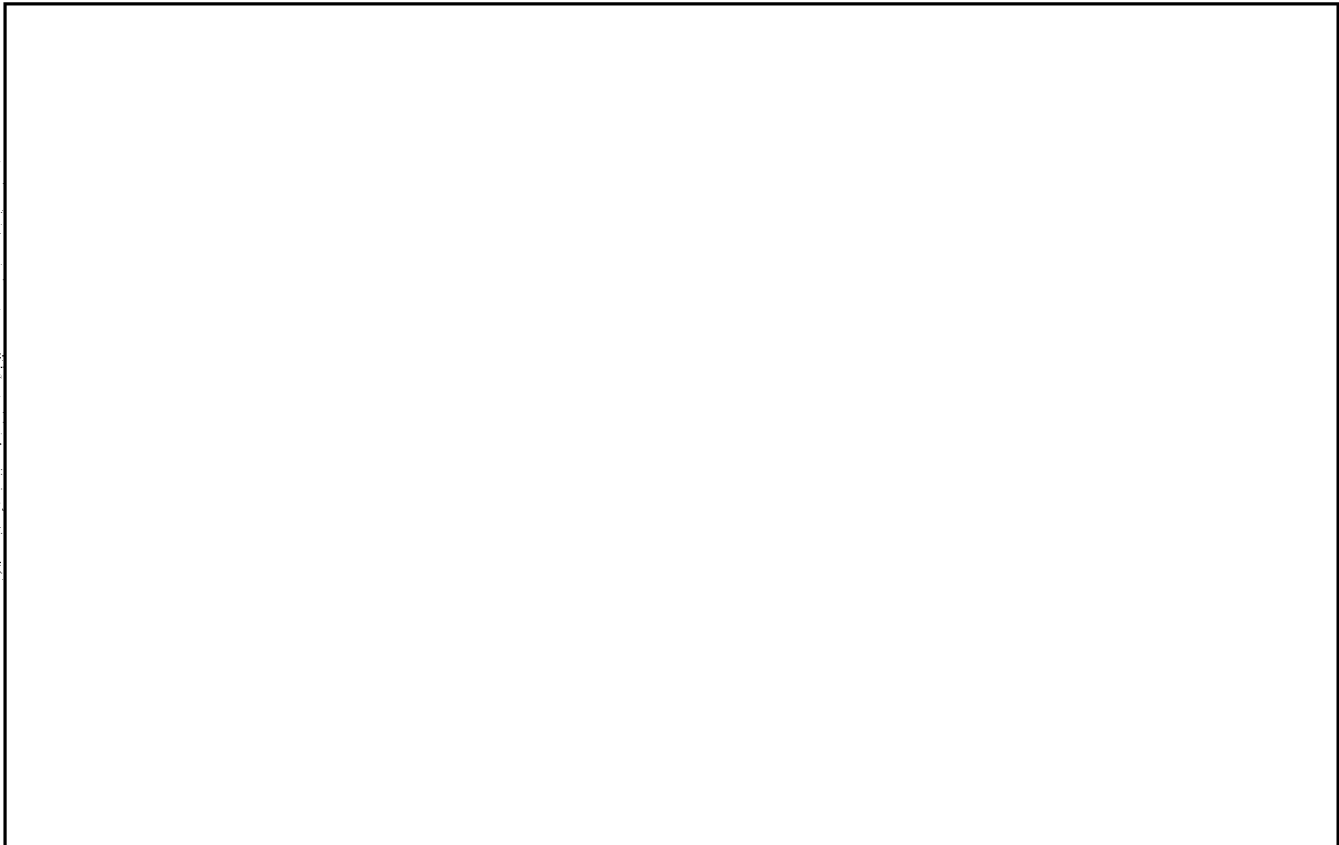
It is sometimes impractical to obtain required waivers from the Government Printing Office and the Bureau of Federal Supply, due to the need for immediate action.

The purchase of certain types of equipment which would be otherwise prohibited by law, may be required in order to refrain from impairing the Agency's operations.

SECRET

**SECRET**  
- 110 -

Among the type of items or services which could be procured  
under this authority with appropriate explanation or justi- 25X1



supplies or services which would not be required to be paid  
from unvouchered funds under the authority provided in  
Section 7(b)(2).

As indicated above, the utilization of this type of  
fund to avoid conforming with the laws and regulations  
pertinent to these matters would be used only when properly

**SECRET**

SECRET

- 111 -

justified on the basis of the expediency involved, thus eliminating the need for using the funds made available under Section 7(b)(2). With the authority to use this type of fund, no deviation from normal accounting procedures and regulations would be required. It is intended that all vouchers covering such expenditures would be supported by administrative justifications explaining the reasons why regular funds could not be used.

In contrast to the preceding paragraphs concerning Section 7(b)(1) which refer to the expenditure of sums without regard to provisions of laws and regulations relating to the expenditure of Government funds, the sums expended under paragraph 7(b)(2) for objects of a confidential, extraordinary or emergency nature are accounted for solely on the certificate of the Director.

In view of the nature of the work which must be conducted by the CIA under the National Security Act and

SECRET



SECRET  
- 112 -

applicable Directives of the National Security Council, it is necessary to use funds for various covert or semi-covert operations and other purposes where it is either impossible to conform with existing Government procedures and regulations or <sup>where</sup> conformance therewith would materially injure the national security. It is not practicable, and in some cases impossible, from either a record or security viewpoint, to maintain the information and data which would be required under usual Government procedures or regulations. In many instances, it is necessary to make specific payments or reimbursements on a project basis where the background information is of such a sensitive nature from a security viewpoint that only a general certificate, signed by the Director of CIA, should be processed through even restricted channels. To do otherwise would obviously increase the possibilities of penetration with respect to any specific activity or general project. The nature of the activities of CIA are

SECRET

SECRET

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

- 113 -

such that items of this nature are recurring and, while in some instances the confidential or secret aspects as such may not be of primary importance, the extraordinary situations or the exigencies of the particular transactions involved warrant the avoidance of all normal channels and procedures.

SECRET

Approved For Release 2003/02/27 : CIA-RDP90-00610R000100230001-1

25X1